

Case No. 2005-00477

WEST LAUREL WATER ASSOCIATION, INC.

RECEIVED

NOV 28 2005

PUBLIC SERVICE
COMMISSION

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RECEIVED

NOV 28 2005

PUBLIC SERVICE
COMMISSION

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

**THE APPLICATION OF THE WEST LAUREL
WATER ASSOCIATION INC. FOR APPROVAL OF
A PROPOSED INCREASE IN RATES FOR
WATER SERVICE**

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) **CASE NO. 2005-00477**
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STATEMENT AND NOTICE

West Laurel Water Association, Inc. ("West Laurel"), hereby petitions the Commission for approval of a proposed increase in its water rates and charges. In support of its application, West Laurel respectfully states as follows:

1. West Laurel is a non-profit water Association and its articles of incorporation are attached as part of this application. West Laurel's principal office, place of business and mailing address is P.O. Box 726, London, Kentucky 40741.

2. West Laurel is engaged in the distribution and sale of water. It currently provides water service to approximately 4,516 retail customers. West Laurel also provides water to the Cumberland Falls Highway Water District.

3. The proposed increase in rates and charges is necessary for West Laurel to meet its operating expenses, to maintain financial viability, to cover its debt service, and to continue to provide adequate service.

4. For the purpose of justifying the reasonableness of the proposed increase, West Laurel has utilized a historical test period consisting of the twelve-(12) consecutive calendar months ending December 31, 2003.

5. West Laurel's annual reports, including the annual report for 2003, are on file with the Public Service Commission as required by 807 KAR 5:006, Section 3(1). The 2003 Annual Report is attached as Exhibit 10 to this filing.

6. West Laurel proposes to increase its expenses to match the expenses shown in its 2003 annual report with no adjustments except for purchased water expense. West Laurel purchases water from the Wood Creek Water District. The District has increased the rate charged to West Laurel from \$1.24 to \$2.32 per 1,000 gallons.

7. West Laurel hereby gives notice to the Public Service Commission of the adjustment of its rates to those rates set forth in Exhibit No. 1 in the filing requirements. The proposed rates will become effective upon Commission approval, and will result in an increase in annual revenues of \$623,061 over normalized revenues of \$1,251,987.

8. The proposed tariff (Exhibit No. 1) is shown in comparative form on the same sheets, side by side, and those comparative sheets are identified as Exhibit No. 2 in the filing requirements.

9. West Laurel has complied with 807 KAR 5:011, Section 9,(2) and 807 KAR 5:001, Section 10,(3) and (4) by delivering to newspapers of general circulation in its service area a copy of the Notice identified as Exhibit 3 in the filing requirements, for publishing once a week for three consecutive weeks in a prominent manner, the first of said publications to be made no later than seven (7) days after the date the application is filed with the Public Service Commission.

10. West Laurel has filed its notice of intent in accordance with 807 KAR 5:001, Section 10(2). West Laurel proposes to use the twelve month consecutive

calendar months ending December 31, 2003 as the historical test year. West Laurel has not proposed any adjustments outside year ending 2003 with the exception of the increase in purchased water costs. West Laurel understands that it could make adjustments to its test year expenses and receive additional revenue. However, at this time due to the impact of the requested increase, West Laurel requests that the proposed rates be approved by the Commission, with no further adjustments.

11. A copy of this filing has been mailed to the Utility Intervention and Rate Division of the Attorney General's office of the Commonwealth of Kentucky.

12. As required by 807 KAR 5:001, Section 10, (4), (f), West Laurel will post a copy of its Customer Notice at its place of business on the same day the application is filed with the Public Service Commission, and it will remain posted until the Public Service Commission has determined West Laurel's rates.

13. The list of the documents filed in support of West Laurel's application for approval of the proposed adjustment of rates or the explanation for their absence is contained in the Filing Requirement Index.

WHEREFORE, the Applicant, West Laurel Water Association, Inc. requests that the Public Service Commission of Kentucky grant to the Applicant its proposal to increase its rates and charges as set forth in this Petition.

Dated at London, Kentucky this Nov. 11, 2005.

WEST LAUREL WATER ASSOCIATION,
INC.

By 
Chairman

COMMONWEALTH OF KENTUCKY

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)SS
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COUNTY OF LAUREL

The undersigned, being duly sworn, deposes and states he is the Chairman of the West Laurel Water Association, Inc., Applicant, in the above proceedings; that he has read the foregoing Application and has noted the contents thereof; that the same is true of his own knowledge, except as to matters which are there in stated on information or belief, and as to those matters, he believes same to be true.

IN TESTIMONY WHEREOF, witness the signature of the undersigned on this Nov. 11, 2005.

Otis Williams
Chairman
West Laurel Water Association, Inc.

Subscribed and sworn to before me by Otis Williams, Chairman of the West Laurel Water Association, on this Nov. 11, 2005.

My Commission Expires OCTOBER 20, 2007

James D. Lewis
Notary Public
In and for said County and State

**Filing Requirement Index
Historical Test Period Rate Case**

Filing Requirements	Filing Requirement Description	Location or Absence Reason
807 KAR 5:001 Section 8(1)	Full name and P. O. address of applicant and reference to the particular provision of law requiring PSC approval.	Application – Page No. 1.
807 KAR 5:001 Section 8(2)	The original and 10 copies of application plus copy for anyone named as interested party.	The correct number of applications have been filed.
807 KAR 5:001 Section 10(1)(b)(1)	Reason adjustment is required.	Application – Page No. 1.
807 KAR 5:001 Section 10(1)(b)(2)	Statement that utility's annual reports, including the most recent calendar year, are filed with PSC. 807 KAR 5:006, Section 3(1)	Application – Page No. 2.
807 KAR 5:001 Section 10(1)(b)(3) & (5)	If utility is incorporated, certified copy of articles of incorporation and amendments or out of state documents of similar import. If they have already been filed with PSC refer to the style and case number of the prior proceeding and file a certificate of good standing or authorization dated within 60 days of date application filed.	Articles of Incorporation – Exh. 4
807 KAR 5:001 Section 10(1)(b)(4) & (5)	If applicant is limited partnership, certified copy of limited partnership agreement. If agreement filed with PSC refer to style and case number of prior proceeding and file a certificate of good standing or authorization dated within 60 days of date application filed.	N/A – West Laurel is not a limited partnership.
807 KAR 5:001 Section 10(1)(b)(6)	Certified copy of certificate of assumed name required by KRS 365.015 or statement that certificate not necessary.	N/A – West Laurel has never used an assumed name.
807 KAR 5:001 Section 10(1)(b)(7)	Proposed tariff in form complying with 807 KAR 5:011 effective not less than 30 days from date application filed.	Exhibit No. 1.
807 KAR 5:001 Section 10(1)(b)(8)	Proposed tariff changes shown by present and proposed tariffs in comparative form or by indicating additions in italics or by underscoring and striking over deletions in current tariff.	Exhibit No. 2.
807 KAR 5:001 Section 10(1)(b)(9)	Statement that notice given, see subsections (3) and (4) of 807 KAR 5:001, Section 10 with copy.	Application – Page No. 2. Exhibit No. 3.

**Filing Requirement Index
Historical Test Period Rate Case**

Filing Requirements	Filing Requirement Description	Location or Absence Reason
807 KAR 5:001 Section 10(2)	If gross annual revenues exceed \$1,000,000, written notice of intent filed at least 4 weeks prior to application. Notice shall state whether application will be supported by historical or fully forecasted test period.	Deviation requested – Page 3.
807 KAR 5:001 Section 10 (6)(a)	Complete description and quantified explanation for proposed adjustments with support for changes in price or activity levels, and other factors affecting the adjustment.	Exhibit No. 5.
807 KAR 5:001 Section 10 (6)(b) & (c)	If gross annual revenues exceed \$1,000,000, prepared testimony of each witness who will support the application. If less than \$1,000,000, prepared testimony of each witness who will support application or statement that utility does not plan to submit prepared testimony.	West Laurel does not intend to submit prepared testimony.
807 KAR 5:001 Section 10 (6)(d)	Estimate of effect that new rate(s) will have on revenues including, at minimum, total revenues resulting from increase or decrease and percentage of increase or decrease.	Customer Notice – Exhibit No. 3 and application at Page 2
807 KAR 5:001 Section 10 (6)(e)	If electric, gas, water or sewer utility effect upon the average bill for each customer classification to which change will apply.	Exhibit No. 3 (Customer notice).
807 KAR 5:001 Section 10 (6)(f)	If local exchange company, effect upon the average bill for 807 each customer class for change in basic local service.	N/A – West Laurel is a Water Association
807 KAR 5:001 Section 10 (6)(g)	Analysis of customers' bills in such detail that revenues from present and proposed rates can be readily determined for each customer class.	Exhibit No 6.
807 KAR 5:001 Section 10 (6)(h)	Summary of determination of revenue requirements based on return on net investment rate base, return on capitalization, interest coverage, debt service coverage, or operating ratio, with supporting schedules.	Exhibit No. 5.
807 KAR 5:001 Section 10 (6)(i)	Reconciliation of rate base and capital used to determine revenue requirements.	N/A – Revenue Requirement reflects Debt Service.

**Filing Requirement Index
Historical Test Period Rate Case**

Filing Requirements	Filing Requirement Description	Location or Absence Reason
807 KAR 5:001 Section 10 (6)(j):	Current chart of accounts if more detailed than the Uniform System of Accounts.	Not applicable
807 KAR 5:001 Section 10 (6)(k)	Independent auditor's annual opinion report, with any written communication from auditor, which indicates existence of material weakness in internal controls.	The 2003 Audit Report is attached as Exhibit 7.
807 KAR 5:001 Section 10 (6)(l):	The most recent FERC or FCC audit reports.	N/A – West Laurel is a Water Association
807 KAR 5:001 Section 10 (6)m	The most recent FERC Form 1 (electric), FERC Form 2 (gas), or Automated Reporting Management Information System Report (telephone) and PSC Form T (telephone).	N/A – West Laurel is a Water Association.
807 KAR 5:001 Section 10 (6)(n)	Summary of latest depreciation study with schedules by major plant accounts, except that telecommunications utilities adopting PSC's average depreciation rates shall provide schedule identifying current and test period depreciation rates used by major plant accounts. If filed in another PSC case refer to that case's number and style.	Exhibit No. 7. The audit report and annual report show depreciation schedules. There are no other studies of depreciation available to West Laurel.
807 KAR 5:00 Section 10 (6)(o)	List of all commercial or in-house computer software, programs, and models used to develop schedules and work papers associated with the filing. Include each software, program, or model; what each was used for; its supplier; brief description and specifications for the computer hardware and the operating system required to run the program.	Excel Word
807 KAR 5:001 Section 10 (6)(p)	Prospectuses of most recent stock or bond offerings.	N/A – West Laurel is a Water Association
807 KAR 5:001 Section 10 (6)(q)	Annual report to shareholders, or members, and statistical supplements covering 2 years prior to application filing date.	N/A – West Laurel is a Water Association

**Filing Requirement Index
Historical Test Period Rate Case**

Filing Requirements	Filing Requirement Description	Location or Absence Reason
807 KAR 5:001 Section 10 (6)(r)	Monthly managerial reports providing financial results for 12 months in test period.	Exhibit 8 – reports for 2004 only.
807 KAR 5:001 Section 10 (6)(s)	SEC's annual report for most recent 2 years, Form 10-Ks and any Form 8-Ks issued within past 2 years, and Form 10-Qs issued during the past 6 quarters updated as current information becomes available.	N/A – West Laurel is a Water Association
807 KAR 5:001 Section 10 (6)(t)	<p>If utility had any amounts charged or allocated to it by affiliate or general or home office, or paid any monies to affiliate or general or home office during test period or during previous 3 calendar years, file:</p> <ol style="list-style-type: none"> 1. Detailed description of method of calculation and amounts allocated or charged to utility by affiliate or general or home office for each charge allocation or payment; 2. Explanation of how allocator for the test period was determined; and 3. All facts relied upon, including other regulatory approval, to demonstrate that each amount charged, allocated or paid during test period was reasonable; 	N/A – There are no affiliate allocations.

**Filing Requirement Index
Historical Test Period Rate Case**

Filing Requirements	Filing Requirement Description	Location or Absence Reason
807 KAR 5:001 Section 10 (6)(u)	If gas, electric or water utility, whose annual gross revenues exceed \$5,000,000, cost of service study based on methodology generally accepted in industry and based on current and reliable data from a single time period.	Exhibit 9
807 KAR 5:001 Section 10 (6)(v)	<p>Local exchange carriers with fewer than 50,000 access lines need not file cost of service studies, except as specifically directed by PSC. Local exchange carriers with more than 50,000 access lines shall file:</p> <ol style="list-style-type: none"> 1. Jurisdictional separations study consistent with Part 36 of the FCC's rules and regulations; and 2. Service specific cost studies to support pricing of all services that generate annual revenue greater than \$1,000,000, except local exchange access: <ol style="list-style-type: none"> (a) Based on current and reliable data from a single time period; and (b) Using generally recognized fully allocated, embedded, or incremental cost principles. 	N/A – West Laurel is a Water Association
807 KAR 5:001 Section 10 (7)(a)	Detailed income statement and balance sheet reflecting impact of all proposed adjustments	Exhibit No. 5, annual report and audit report
807 KAR 5:001 Section 10 (7)(b)	Most recent capital construction budget containing at least period of time as proposed for any pro forma adjustment for plant additions.	NA – West Laurel is not proposing any pro forma adjustment for plant additions.

**Filing Requirement Index
Historical Test Period Rate Case**

Filing Requirements	Filing Requirement Description	Location or Absence Reason
807 KAR 5:001 Section 10 (7)(c)	<p>For each proposed pro forma adjustment reflecting plant additions the following information:</p> <ol style="list-style-type: none"> 1. Starting date of the construction of each major component of plant; 2. Proposed in-service date; 3. Total estimated cost of construction at completion; 4. Amount contained in construction work in progress at end of test period; 5. Complete description of actual plant retirements and anticipated plant retirements related to the pro forma plant additions including the actual or anticipated date of retirement; 6. Original cost, cost of removal and salvage for each component of plant to be retired during the period of the proposed pro forma adjustment for plant additions; 7. Explanation of any differences in amounts contained in the capital construction budget and amounts of capital construction cost contained in the pro forma adjustment period; and 8. Impact on depreciation expense of all proposed pro forma adjustments for plant additions and retirements; 	NA – West Laurel is not proposing any pro forma adjustment for plant additions.
807 KAR 5:001 Section 10 (7)(e)	Number of customers to be added to the test period – end level of customers and the related revenue requirements impact for all pro forma adjustments with complete details and supporting work papers.	Exhibit No. 10. Billing analysis for proposed rates. No new customers have been added



FOR West Laurel Water Association, Inc.
Community, Town or City

P.S.C. KY. NO. _____

_____ SHEET NO. _____

West Laurel Water Association, Inc.
(Name of Utility)

CANCELLING P.S.C. KY. NO. _____

_____ SHEET NO. _____

COMPARISON OF PRESENT AND PROPOSED RATES

A. Minimum Water Rates Based on Size Connections

<u>Size of Connection</u>	<u>Number of Gallons or Less of Water per Month to be Provided For the Minimum Rate</u>	<u>Minimum Rate</u>
5/8 x 3/4 Inch	1,000	\$10.90
1 Inch	5,000	35.18
2 Inch	20,000	105.23
3 Inch	30,000	148.53
4 Inch	50,000	235.15
6 Inch	100,000	451.63

B. Meter Rates for Water Usage in Addition to Minimum Charge

Subject to the minimum water rates specified above, the following metered charges shall be made for each 1,000 gallons of water consumption per month to customers of all connections.

First 1,000 Gallons or Less	\$10.90 Minimum Bill
Next 2,000 Gallons	6.22 per 1,000 Gallons
Next 2,000 Gallons	5.92 per 1,000 Gallons
Next 5,000 Gallons	5.35 per 1,000 Gallons
Over 10,000 Gallons	4.33 per 1,000 Gallons

C. Wholesale Rate: Cumberland Falls Highway Water District - \$3.38 per 1,000 Gallons

D. Delinquent Accounts: If bills are not paid by the 15th of the month, a 10% penalty will be added to the bill.

Date of Issue _____

Date Effective _____

Issued By *Otis Welborn* _____

Title *President* _____

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. _____ DATED _____

FOR West Laurel Water Association, Inc.
Community, Town or City

P.S.C. KY. NO. _____

_____ SHEET NO. _____

West Laurel Water Association, Inc.
(Name of Utility)

CANCELLING P.S.C. KY. NO. _____

_____ SHEET NO. _____

COMPARISON OF PRESENT AND PROPOSED RATES

Minimum Water Rates Based on Size Connections

<u>Size of Connection</u>	<u>Number of Gallons or Less of Water per Month to be Provided For the Minimum Rate</u>	<u>Present Minimum</u>	<u>Proposed Minimum</u>
5/8 x 3/4 Inch	1,000	\$8.29	\$10.90
1 Inch	5,000	23.65	35.18
2 Inch	20,000	63.65	105.23
3 Inch	30,000	88.05	148.53
4 Inch	50,000	136.85	235.15
6 Inch	100,000	258.85	451.63

Meter Rates for Water Usage in Addition to Minimum Charge

Subject to the minimum water rates specified above, the following metered charges shall be made for each 1,000 gallons of water consumption per month to customers of all connections.

	<u>Present</u>	<u>Proposed</u>
First 1,000 Gallons or Less	\$8.29	\$10.90 Minimum Bill
Next 2,000 Gallons	3.99	6.22 per 1,000 Gallons
Next 2,000 Gallons	3.69	5.92 per 1,000 Gallons
Next 5,000 Gallons	3.12	5.35 per 1,000 Gallons
Over 10,000 Gallons	2.44	4.33 per 1,000 Gallons

Wholesale Rate: Cumberland Falls Highway Water District - Present - \$1.78
Proposed - \$3.38 per 1,000 Gallons

Delinquent Accounts: If bills are not paid by the 15th of the month, a 10% penalty will be added to the bill.

Date of Issue _____

Date Effective _____

Issued By _____

Title _____

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

NOTICE

Notice is hereby given that the West Laurel County Water Association, Inc., has filed an application with the Public Service Commission to increase its rates for water service.

	Current Rates	Proposed Rates
First 1,000	\$8.29	\$10.90
Next 2,000	3.99	6.22
Next 2,000	3.69	5.92
Over 5,000	3.12	5.35
Over 10,000	2.44	4.33
Wholesale	1.78	3.38

Minimum Water Rates and Usage Based On Connection Size

<u>Connection Size</u>	<u>Minimum Usage</u>	<u>Current Minimum Rate</u>	<u>Proposed Minimum Rate</u>
5/8 Inch	1,000	8.29	10.90
1 Inch	5,000	23.65	35.18
2 Inch	20,000	63.65	105.23
3 Inch	30,000	88.05	148.53
4 Inch	50,000	136.85	235.15
6 Inch	100,000	258.85	451.63

Based on the rates proposed by West Laurel Water Association, Inc., customers connected to a 5/8 inch meter using 5,000 gallons will receive and increase from \$23.65 to \$35.18 an increase of \$11.53 or 48.7 percent. The rates contained in this Notice are the Rates proposed by West Laurel County Water Association, Inc. However, the Public Service Commission may order rates to be charged that differ from the rates contained in this notice.

Customers of the Association are advised that any corporation, association, body politic or person with a substantial interest in the matter may, by written request, within (30) thirty days after publication of this Notice of the proposed rate changes, request to intervene by motion to the PSC. Intervention may be granted beyond the thirty (30) day period for good cause shown. Any motion by customers desiring to intervene shall be submitted to the Public Service Commission, 211 Sower Blvd., P.O. Box 615, Frankfort, Kentucky 40602 and shall set forth the grounds for the request, including status and interest of the party intervening. Intervenors may obtain copies of the application and any other filings made by the Association by contacting the District at 606-878-9420 or by visiting the Association's offices at 1670 Hal Rogers Parkway East in London, Kentucky.

Commonwealth of Kentucky

Department of State



Office of Secretary of State

ELMER BEGLEY, SECRETARY
DOMESTIC CORPORATION DEPARTMENT

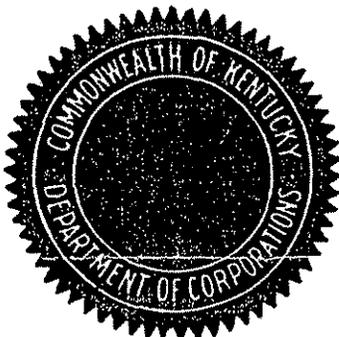
NON-STOCK CORPORATION

I, *ELMER BEGLEY*, Secretary of the State of Kentucky, hereby certify that Articles of Incorporation of the

WEST LAUREL WATER ASSOCIATION, INCORPORATED (London, Kentucky)

has this day been filed in my office.

It appearing from said Articles of Incorporation that the said Corporation has no capital stock, and no private pecuniary profit is to be derived therefrom, the said Corporation is not required by law to pay a tax on organization; and it further appearing that the aforesaid Corporation has complied with all the requirements of the law, this certificate is issued as evidence of the fact that the said Corporation is now authorized and empowered to do business in this State under its charter, subject to the restrictions imposed by the statutes of Kentucky.



SECRETARY OF STATE

Given under my hand as Secretary of State,
this 25th day of February 1968

By *Elmer Begley* Secretary of State

Assistant Secretary of State

ARTICLES OF INCORPORATION
OF
WEST LAUREL WATER ASSOCIATION
LONDON, KENTUCKY

We, whose names are hereto subscribed, acting as incorporators for the purpose of forming a nonprofit corporation under the provisions of Chapter 273 of the KRS, assuming and claiming all powers, rights, privileges and immunities granted or permitted bodies corporate under said laws, and do hereby adopt the following Articles of Incorporation:

ARTICLE I

NAME

The name of this corporation shall be West Laurel Water Association, Incorporated.

ARTICLE II

REGISTERED OFFICE AND AGENT

The registered office of the corporation shall be at London, County of Laurel, State of Kentucky; the registered agent at such address is J. T. Patton.

ARTICLE III

PURPOSE

The purpose of the said corporation shall be to establish, develop, and operate a complete water supply and distribution system by

purchase, development, or otherwise to construct reservoirs or water towers, erect pumping machinery, lay water mains, pipes and hydrants; to furnish and sell water to members of the corporation, public bodies and local businesses, for fire protection, drinking and general farm and domestic use and collect payment for rental or sale of same and doing all things necessary, convenient and incidental thereto, and a complete sanitary and/or storm sewer collection system and treatment facilities by purchase, development, or otherwise to construct mains, submains, and laterals, treatment plant, lagoons, to furnish sewer service to members of the corporation, public bodies and local businesses, for sanitary and health protection and collect service payment for rental of same and doing all things necessary, convenient and incidental thereto.

ARTICLE IV

SEAL

This corporation shall have a seal, which seal shall contain the corporate name, Kentucky, and the words "corporate seal."

ARTICLE V

POWERS

The corporation shall have all powers provided by law.

ARTICLE VI

MEMBERSHIP

Persons may become members of the corporation as provided in the By-Laws.

ARTICLE VII

The corporation shall have perpetual duration.

ARTICLE VIII

BOARD OF DIRECTORS

1. The affairs of this corporation shall be managed by a Board of Three (3) Directors to be elected by and from the members thereof and shall serve for three years and until their successors are elected. The size of the Board may not be changed except by amendment to these articles. At the first annual election, one director shall be elected for a term of one year; one Director shall be elected for a term of two year; one Director shall be elected for a term of three years. Thereafter Directors shall be elected for terms of three years.

2. The Board of Directors shall fill vacancies occurring in its own membership by appointment of qualified members to hold office until the next annual meeting of the membership at which meeting a member shall be elected to fill the unexpired term.

3. A majority of the Directors must be present at a meeting to conduct the business of the corporation.

4. Until the first annual election, the following persons shall be Directors:

Name	Address
J. T. Patton	Route 1, Box 739, London, Kentucky
Shively Pope	Route 6, London, Kentucky
Otis Williams	Keavy, Kentucky

and the following persons shall be officers:

President:	J. T. Patton	Route 1, Box 739 London, Kentucky
Vice President:	Otis Williams	Keavy, Kentucky
Secretary- Treasurer	Shively Pope	Route 6, London, Kentucky

5. The Board of Directors shall have their annual meeting after the annual meeting of members hereinafter provided for, at a time and place to be designated by the President, and will elect from their own number a President, Vice President, Secretary and Treasurer. However, the offices of Secretary and Treasurer may be combined into one office.

6. The Board of Directors shall have other meetings as provided in the By-Laws.

ARTICLE IX

MEETINGS

1. The annual meeting of the members of this corporation for the purpose of electing directors and transacting such other business as may properly come before it at such time, shall be held on the 10th in January of each year at the time and place specified by the Board of Directors.

2. Special meetings of the members of this corporation may be called by the President at any time or place within the county upon giving to each of the members a notice in writing mailed to his postal address as it appears in the corporation records at least ten (10) days.

prior to such meeting; and such meetings shall be called by him at any time upon written demand of the majority of the directors, and in case of his neglect or refusal to call such meetings, such directors or members shall unite in calling such meetings, which shall be the same as though called by the President. If the purpose of the meeting is to amend the articles, then the notice of meetings signed by the Secretary shall set forth the proposed amendment in substance. Articles may be amended by a two-thirds vote of the members present at such a meeting or voting by proxy.

ARTICLE X

INCORPORATORS

The names and addresses of the incorporators are:

Name	Address
J. T. Patton	Route 1, Box 739 London, Kentucky
Shively Pope	Route 6, London, Kentucky
Otis Williams	Keavy, Kentucky

ARTICLE XI

BY-LAWS

The corporation may make and amend By-Laws at its pleasure through its Board of Directors.

IN WITNESS WHEREOF, we have hereunto subscribed
our names this 17th day of February, 1970.

J. T. Patton
J. T. PATTON

Shively Pope
SHIVELY POPE

Otis Williams
OTIS WILLIAMS

STATE OF KENTUCKY
SCT.
COUNTY OF LAUREL

On this 17th day of February, 1970, before me
JERRY L. DOTSON, A Notary Public in and for said County
personally appeared, J. T. Patton, Shively Pope, and Otis Williams, to
me known to be the person(s) named in and who executed the foregoing
instrument, and acknowledged that they executed the same as their
voluntary act and deed.

(SEAL)

Jerry L. Dotson
Notary Public in and for Said County and State

My Commission expires:

5-14-73

FILED COPY
FILED AND RECORDED

James R. Begley

FEB 25 1970

SECRETARY OF STATE OF KENTUCKY
FRANKFORT, KENTUCKY
BY James R. Begley
ASSISTANT SECRETARY OF STATE

WEST LAUREL WATER ASSOCIATION

STATEMENT OF REVENUES AND EXPENSES

Operating Income	Test Year	Adjustments	Pro forma
Retail Sales	\$ 1,141,727	\$ 28,759	\$ 1,170,486
Wholesale	16,102		16,102
Interest Income	14,744		14,744
Miscellaneous	50,655		50,655
Total Income	1,223,228	\$ 28,759	\$ 1,251,987
Operating Expenses from 2003 Audit Report		Adjustments	Pro forma
Purchased Water	\$ 446,071	\$ 395,108	\$ 841,179
Purchased Power	8,159		8,159
Materials and Supplies	181,278		181,278
Contractual Services	401,566		401,566
Bad Debt Expense	7,341		7,341
Legal and Accounting	11,550		11,550
Engineering	910		910
Insurance	10,395		10,395
Commissioner's Fees	13,500		13,500
Taxes other than Income	2,331		2,331
Depreciation	140,292		140,292
Miscellaneous	855		855
Total Operating and Maintenance	\$ 1,224,248	\$ 395,108	\$ 1,619,356
Debt			
Interest	144,973		144,973
Principal	68,104		68,104
Coverage	42,615		42,615
Total Expenses	\$ 1,479,940	\$ 395,108	\$ 1,875,048
Total Income			\$ 1,251,987
Increase Needed			\$ 623,061

WEST LAUREL WATER ASSOCIATION
INCREASE IN PURCHASED WATER COSTS

Water Purchased		362,577.0
Cost at Old Rate		1.24
Water Cost	\$	449,595
Cost at New Rate		2.32
New Cost		841,179
Increase		391,583
Sales and Accounted for Water		309,718
Sales / Increase in Cost		0.79
Sales times Increase In Costs to Reflect Line Loss	\$	244,968

WEST LAUREL WATER ASSOCIATION, INC.

DEBT PAYMENTS

Series 91-01			
	Principal	Interest	Total
2005	18,842	8,996	27,838
2006	19,784	8,054	27,838
2007	20,773	7,065	27,838
Total	59,399	24,115	83,514
3 Year Average	19,800	8,038	27,838
Series 91-03			
	Principal	Interest	Total
2005	12,332	14,588	26,920
2006	12,949	13,971	26,920
2007	13,597	13,324	26,920
Total	38,878	41,883	80,761
3 Year Average	12,959	13,961	26,920
Series 91-04			
	Principal	Interest	Total
2005	9,175	20,415	29,590
2006	9,634	19,957	29,590
2007	10,116	19,475	29,590
Total	28,924	59,847	88,771
3 Year Average	9,641	19,949	29,590
Series 91-05			
	Principal	Interest	Total
2005	2,807	6,247	9,054
2006	2,948	6,106	9,054
2007	3,095	5,959	9,054
Total	8,850	18,312	27,162
3 Year Average	2,950	6,104	9,054
Series 91-06			
	Principal	Interest	Total
2005	6,526	25,090	31,616
2006	6,868	24,748	31,616
2007	7,229	24,387	31,616
Total	20,623	74,225	94,848
3 Year Average	6,874	24,742	31,616
Series 91-07			
	Principal	Interest	Total
2005	15,148	72,911	88,059
2006	15,868	72,191	88,059
2007	16,622	71,437	88,059
Total	47,638	216,539	264,177
3 Year Average	15,879	72,180	88,059
Total 3 Year Avg.	68,104	144,973	213,078

Loan Calculator

91-01

Enter Values	
Loan Amount:	\$ 197,866.78
Annual Interest Rate:	5.00 %
Loan Period in Years:	9
Number of Payments Per Year:	1
Start Date of Loan:	02/01/03
Optional Extra Payments:	

Loan Summary	
Scheduled Payment:	\$ 27,837.89
Scheduled Number of Payments:	9
Actual Number of Payments:	9
Total Early Payments:	\$ -
Total Interest:	\$ 52,674.26

Lender Name:

Pmt No.	Payment Date	Beginning Balance	Scheduled Payment	Extra Payment	Total Payment	Principal	Interest	Ending Balance
1	02/01/04	\$ 197,866.78	\$ 27,837.89	\$ -	\$ 27,837.89	\$ 17,944.55	\$ 9,893.34	\$ 179,922.23
2	02/01/05	179,922.23	27,837.89	-	27,837.89	18,841.78	8,996.11	161,080.44
3	02/01/06	161,080.44	27,837.89	-	27,837.89	19,783.87	8,054.02	141,296.57
4	02/01/07	141,296.57	27,837.89	-	27,837.89	20,773.06	7,064.83	120,523.51
5	02/01/08	120,523.51	27,837.89	-	27,837.89	21,811.72	6,026.18	98,711.79
6	02/01/09	98,711.79	27,837.89	-	27,837.89	22,902.30	4,935.59	75,809.49
7	02/01/10	75,809.49	27,837.89	-	27,837.89	24,047.42	3,790.47	51,762.07
8	02/01/11	51,762.07	27,837.89	-	27,837.89	25,249.79	2,588.10	26,512.28
9	02/01/12	26,512.28	27,837.89	-	26,512.28	25,186.67	1,325.61	0.00

91-01

PROMISSORY NOTE

DIRECT
 INSURED

PUBLIC BODY
 OTHER

State KENTUCKY			
County LAUREL			
Case No. 20-63-363332			
FINANCE OFFICE USE ONLY			
F	LN	LC	IA

ND OF LOAN: (ASSOCIATION OR ORGANIZATION)
 ASSOCIATION - ORGANIZATION
 HOUSING - ORGANIZATION

91-03

26,400

Date MARCH 1, 19 79

FOR VALUE RECEIVED, WEST LAUREL WATER ASSOCIATION, INC.
(herein called "Borrower") promises to pay to the order of the United States of America, acting through the Farmers Home Administration, United States Department of Agriculture, (herein called the "Government") at its office in LONDON, KENTUCKY, or at such other place as the Government may hereafter designate in

writing, the principal sum of FOUR HUNDRED FORTY-EIGHT THOUSAND AND NO/100 dollars (\$ 448,000.00), plus interest on the unpaid principal balance at the rate of FIVE percent (5 %) per annum. The said principal and interest shall be paid in the following installments on or before the following dates:

\$ <u>Interest only</u>	on <u>March 1</u>	, 19 <u>80</u>	,
\$ <u>Interest only</u>	on <u>March 1</u>	, 19 <u>81</u>	,
\$ XXXXXXXXXX	on XXXXXX	, 19 XX	,
\$ <u>2,200.00</u>	on <u>April 1</u>	, 19 <u>81</u>	, and
\$ <u>2,200.00</u>	thereafter on the <u>1st</u>	of each <u>MONTH</u>	

until the principal and interest are fully paid except that the final installment of the entire indebtedness evidenced hereby, if not sooner paid, shall be due and payable FORTY (40) years from the date of this note, and except that prepayments may be made as provided below. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to Borrower as requested by Borrower and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the reverse hereof.

Every payment made on any indebtedness evidenced by this note shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Farmers Home Administration according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this note and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

If the Government at any time assigns this note and insures the payment thereof, Borrower shall continue to make payments to the Government as collection agent for the holder.

While this note is held by an insured lender, prepayments as above authorized made by Borrower may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted to the holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Borrower, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment by Borrower, and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

Any amount advanced or expended by the Government for the collection hereof or to preserve or protect any security hereto, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by Borrower to the Government without demand. Borrower agrees to use the loan evidenced hereby solely purposes authorized by the Government.

Loan Calculator

91-03

Enter Values	
Loan Amount	\$ 303,500.86
Annual Interest Rate	5.00 %
Loan Period in Years	17
Number of Payments Per Year	1
Start Date of Loan	02/01/03
Optional Extra Payments	

Loan Summary	
Scheduled Payment	\$ 26,920.27
Scheduled Number of Payments	17
Actual Number of Payments	17
Total Early Payments	\$ -
Total Interest	\$ 154,143.66

Lender Name: _____

Pmt No.	Payment Date	Beginning Balance	Scheduled Payment	Extra Payment	Total Payment	Principal	Interest	Ending Balance
1	02/01/04	\$ 303,500.86	\$ 26,920.27	\$ -	\$ 26,920.27	\$ 11,745.22	\$ 15,175.04	\$ 291,755.64
2	02/01/05	291,755.64	26,920.27	-	26,920.27	12,332.48	14,587.78	279,423.15
3	02/01/06	279,423.15	26,920.27	-	26,920.27	12,949.11	13,971.16	266,474.05
4	02/01/07	266,474.05	26,920.27	-	26,920.27	13,596.56	13,323.70	252,877.48
5	02/01/08	252,877.48	26,920.27	-	26,920.27	14,276.39	12,643.87	238,601.09
6	02/01/09	238,601.09	26,920.27	-	26,920.27	14,990.21	11,930.05	223,610.88
7	02/01/10	223,610.88	26,920.27	-	26,920.27	15,739.72	11,180.54	207,871.16
8	02/01/11	207,871.16	26,920.27	-	26,920.27	16,526.71	10,393.56	191,344.45
9	02/01/12	191,344.45	26,920.27	-	26,920.27	17,353.04	9,567.22	173,991.41
10	02/01/13	173,991.41	26,920.27	-	26,920.27	18,220.70	8,699.57	155,770.71
11	02/01/14	155,770.71	26,920.27	-	26,920.27	19,131.73	7,788.54	136,638.98
12	02/01/15	136,638.98	26,920.27	-	26,920.27	20,088.32	6,831.95	116,550.66
13	02/01/16	116,550.66	26,920.27	-	26,920.27	21,092.73	5,827.53	95,457.93
14	02/01/17	95,457.93	26,920.27	-	26,920.27	22,147.37	4,772.90	73,310.56
15	02/01/18	73,310.56	26,920.27	-	26,920.27	23,254.74	3,665.53	50,055.82
16	02/01/19	50,055.82	26,920.27	-	26,920.27	24,417.47	2,502.79	25,638.35
17	02/01/20	25,638.35	26,920.27	-	25,638.35	24,356.43	1,281.92	0.00

91-03

PROMISSORY NOTE
(ASSOCIATION OR ORGANIZATION)

State Kentucky			
County Laurel			
Case No. 20-63-363332			
FINANCE OFFICE USE ONLY			
F	LN	LC	IA

KIND OF LOAN:

- ASSOCIATION - ORGANIZATION
- HOUSING - ORGANIZATION
- PUBLIC BODY
- OTHER

91-04

Date September 26, 19 88

FOR VALUE RECEIVED, West Laurel Water Association, Inc.
 (herein called "Borrower") promises to pay to the order of the United States of America, acting through the Farmers Home Administration, United States Department of Agriculture, (herein called the "Government") at its office in 1501-P South Main St., London, KY 40741, or at such other place as the Government may hereafter designate in writing, the principal amount of Five Hundred Thousand dollars (\$ 500,000.00), plus interest on the unpaid principal balance at the rate of Five percent (5 %) per annum. The said principal and interest shall be paid in the following installments on or before the following dates:

\$ Interest only on 9-26, 19 89,
 \$ Interest only on 9-26, 19 90,
 \$ _____ on _____, 19 _____,
 \$ _____ on _____, 19 _____, and
 \$ 29,645.00 thereafter on the September 26 of each year

until the principal and interest are fully paid except that the final installment of the entire indebtedness evidenced hereby, if not sooner paid, shall be due and payable Forty (40) years from the date of this note, and except that prepayments may be made as provided below. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to Borrower as requested by Borrower and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the reverse hereof.

Every payment made on any indebtedness evidenced by this note shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Farmers Home Administration according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this note and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

If the Government at any time assigns this note and insures the payment thereof, Borrower shall continue to make payments to the Government as collection agent for the holder. No assignment of this note shall be effective unless the Borrower is notified in writing of the name and address of the assignee. The Borrower shall thereupon duly note in its records the occurrence of such assignment, together with the name and address of the assignee.

While this note is held by an insured lender, prepayments as above authorized made by Borrower may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted to the holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Borrower, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment of Borrower, and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

Loan Calculator

91-04

Enter Values	
Loan Amount	\$ 425,368.40
Annual Interest Rate	5.00 %
Loan Period in Years	26
Number of Payments Per Year	1
Start Date of Loan	02/01/03
Optional Extra Payments	

Loan Summary	
Scheduled Payment	\$ 29,590.46
Scheduled Number of Payments	26
Actual Number of Payments	26
Total Early Payments	\$ -
Total Interest	\$ 343,983.66

Lender Name: _____

Pmt No.	Payment Date	Beginning Balance	Scheduled Payment	Extra Payment	Total Payment	Principal	Interest	Ending Balance
1	02/01/04	\$ 425,368.40	\$ 29,590.46	\$ -	\$ 29,590.46	\$ 8,322.04	\$ 21,268.42	\$ 417,046.36
2	02/01/05	417,046.36	29,590.46	-	29,590.46	8,738.15	20,852.32	408,308.21
3	02/01/06	408,308.21	29,590.46	-	29,590.46	9,175.05	20,415.41	399,133.16
4	02/01/07	399,133.16	29,590.46	-	29,590.46	9,633.81	19,956.66	389,499.35
5	02/01/08	389,499.35	29,590.46	-	29,590.46	10,115.50	19,474.97	379,383.85
6	02/01/09	379,383.85	29,590.46	-	29,590.46	10,621.27	18,969.19	368,762.58
7	02/01/10	368,762.58	29,590.46	-	29,590.46	11,152.33	18,438.13	357,610.25
8	02/01/11	357,610.25	29,590.46	-	29,590.46	11,709.95	17,880.51	345,900.30
9	02/01/12	345,900.30	29,590.46	-	29,590.46	12,295.45	17,295.01	333,604.85
10	02/01/13	333,604.85	29,590.46	-	29,590.46	12,910.22	16,680.24	320,694.63
11	02/01/14	320,694.63	29,590.46	-	29,590.46	13,555.73	16,034.73	307,138.90
12	02/01/15	307,138.90	29,590.46	-	29,590.46	14,233.52	15,356.94	292,905.38
13	02/01/16	292,905.38	29,590.46	-	29,590.46	14,945.19	14,645.27	277,960.18
14	02/01/17	277,960.18	29,590.46	-	29,590.46	15,692.45	13,898.01	262,267.73
15	02/01/18	262,267.73	29,590.46	-	29,590.46	16,477.08	13,113.39	245,790.65
16	02/01/19	245,790.65	29,590.46	-	29,590.46	17,300.93	12,289.53	228,489.72
17	02/01/20	228,489.72	29,590.46	-	29,590.46	18,165.98	11,424.49	210,323.74
18	02/01/21	210,323.74	29,590.46	-	29,590.46	19,074.28	10,516.19	191,249.46
19	02/01/22	191,249.46	29,590.46	-	29,590.46	20,027.99	9,562.47	171,221.47
20	02/01/23	171,221.47	29,590.46	-	29,590.46	21,029.39	8,561.07	150,192.08
21	02/01/24	150,192.08	29,590.46	-	29,590.46	22,080.86	7,509.60	128,111.22
22	02/01/25	128,111.22	29,590.46	-	29,590.46	23,184.90	6,405.56	104,926.32
23	02/01/26	104,926.32	29,590.46	-	29,590.46	24,344.15	5,246.32	80,582.17
24	02/01/27	80,582.17	29,590.46	-	29,590.46	25,561.36	4,029.11	55,020.82
25	02/01/28	55,020.82	29,590.46	-	29,590.46	26,839.42	2,751.04	28,181.39
26	02/01/29	28,181.39	29,590.46	-	28,181.39	26,772.32	1,409.07	0.00

91-04

PROMISSORY NOTE
(ASSOCIATION OR ORGANIZATION)

State Kentucky			
County Laurel			
Case No. 20-63-363332			
FINANCE OFFICE USE ONLY			
F	LN	LC	IA

KIND OF LOAN:

- ASSOCIATION - ORGANIZATION
- HOUSING - ORGANIZATION
- PUBLIC BODY
- OTHER

91-05

Date September 26, 19 88

FOR VALUE RECEIVED, West Laurel Water Association, Inc.
(herein called "Borrower") promises to pay to the order of the United States of America, acting through the Farmers Home Administration, United States Department of Agriculture, (herein called the "Government") at its office in 1501-P
South Main St., London, KY 40741, or at such other place as the Government may hereafter designate in writing, the principal amount of One Hundred Fifty Three Thousand - - - - - dollars (\$ 153,000.00), plus interest on the unpaid principal balance at the rate of Five percent (5 %) per annum. The said principal and interest shall be paid in the following installments on or before the following dates:

\$ Interest only on 9-26, 19 89,
 \$ Interest only on 9-26, 19 90,
 \$ _____ on _____, 19 _____,
 \$ _____ on _____, 19 _____, and
 \$ 9,072.00 thereafter on the September 26 of each year

until the principal and interest are fully paid except that the final installment of the entire indebtedness evidenced hereby, if not sooner paid, shall be due and payable Forty (40) years from the date of this note, and except that prepayments may be made as provided below. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to Borrower as requested by Borrower and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the reverse hereof.

Every payment made on any indebtedness evidenced by this note shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Farmers Home Administration according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this note and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

If the Government at any time assigns this note and insures the payment thereof, Borrower shall continue to make payments to the Government as collection agent for the holder. No assignment of this note shall be effective unless the Borrower is notified in writing of the name and address of the assignee. The Borrower shall thereupon duly note in its records the occurrence of such assignment, together with the name and address of the assignee.

While this note is held by an insured lender, prepayments as above authorized made by Borrower may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted to the holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Borrower, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment of Borrower, and the Government will pay the interest which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

Loan Calculator

91-05

Enter Values	
Loan Amount	\$ 130,152.73
Annual Interest Rate	5.00 %
Loan Period in Years	26
Number of Payments Per Year	1
Start Date of Loan	02/01/03
Optional Extra Payments	

Loan Summary	
Scheduled Payment	\$ 9,053.99
Scheduled Number of Payments	26
Actual Number of Payments	26
Total Early Payments	\$ -
Total Interest	\$ 105,250.91

Lender Name:

Pmt No.	Payment Date	Beginning Balance	Scheduled Payment	Extra Payment	Total Payment	Principal	Interest	Ending Balance
1	02/01/04	\$ 130,152.73	\$ 9,053.99	\$ -	\$ 9,053.99	\$ 2,546.35	\$ 6,507.64	\$ 127,606.38
2	02/01/05	127,606.38	9,053.99	-	9,053.99	2,673.67	6,380.32	124,932.71
3	02/01/06	124,932.71	9,053.99	-	9,053.99	2,807.35	6,246.64	122,125.36
4	02/01/07	122,125.36	9,053.99	-	9,053.99	2,947.72	6,106.27	119,177.64
5	02/01/08	119,177.64	9,053.99	-	9,053.99	3,095.10	5,958.88	116,082.54
6	02/01/09	116,082.54	9,053.99	-	9,053.99	3,249.86	5,804.13	112,832.68
7	02/01/10	112,832.68	9,053.99	-	9,053.99	3,412.35	5,641.63	109,420.33
8	02/01/11	109,420.33	9,053.99	-	9,053.99	3,582.97	5,471.02	105,837.36
9	02/01/12	105,837.36	9,053.99	-	9,053.99	3,762.12	5,291.87	102,075.24
10	02/01/13	102,075.24	9,053.99	-	9,053.99	3,950.22	5,103.76	98,125.02
11	02/01/14	98,125.02	9,053.99	-	9,053.99	4,147.74	4,906.25	93,977.28
12	02/01/15	93,977.28	9,053.99	-	9,053.99	4,355.12	4,698.86	89,622.16
13	02/01/16	89,622.16	9,053.99	-	9,053.99	4,572.88	4,481.11	85,049.28
14	02/01/17	85,049.28	9,053.99	-	9,053.99	4,801.52	4,252.46	80,247.76
15	02/01/18	80,247.76	9,053.99	-	9,053.99	5,041.60	4,012.39	75,206.16
16	02/01/19	75,206.16	9,053.99	-	9,053.99	5,293.68	3,760.31	69,912.48
17	02/01/20	69,912.48	9,053.99	-	9,053.99	5,558.36	3,495.62	64,354.12
18	02/01/21	64,354.12	9,053.99	-	9,053.99	5,836.28	3,217.71	58,517.84
19	02/01/22	58,517.84	9,053.99	-	9,053.99	6,128.09	2,925.89	52,389.75
20	02/01/23	52,389.75	9,053.99	-	9,053.99	6,434.50	2,619.49	45,955.25
21	02/01/24	45,955.25	9,053.99	-	9,053.99	6,756.22	2,297.76	39,199.02
22	02/01/25	39,199.02	9,053.99	-	9,053.99	7,094.04	1,959.95	32,104.99
23	02/01/26	32,104.99	9,053.99	-	9,053.99	7,448.74	1,605.25	24,656.25
24	02/01/27	24,656.25	9,053.99	-	9,053.99	7,821.17	1,232.81	16,835.08
25	02/01/28	16,835.08	9,053.99	-	9,053.99	8,212.23	841.75	8,622.84
26	02/01/29	8,622.84	9,053.99	-	8,622.84	8,191.70	431.14	0.00

91-05

For
WEST LAUREL WATER ASSOCIATION
91-06

LOAN AMOUNT ANNUAL RATE PAYMENTS/YEAR PAYMENT FIRST PAYMENT
484,108.96 5.25% 1 31616.00 10/01/2004

PMT NBR	INTEREST	PAYMENT ON PRINCIPAL	LOAN BALANCE	*PMT NBR	INTEREST	PAYMENT ON PRINCIPAL	LOAN BALANCE
1	25415.72	6200.28	477908.68	* 17	17556.66	14059.34	320353.21
2	25090.21	6525.79	471382.89	* 18	16818.54	14797.46	305555.75
3	24747.60	6868.40	464514.49	* 19	16041.68	15574.32	289981.43
4	24387.01	7228.99	457285.50	* 20	15224.03	16391.97	273589.46
5	24007.49	7608.51	449676.99	* 21	14363.45	17252.55	256336.91
6	23608.04	8007.96	441669.03	* 22	13457.69	18158.31	238178.60
7	23187.62	8428.38	433240.65	* 23	12504.38	19111.62	219066.98
8	22745.13	8870.87	424369.78	* 24	11501.02	20114.98	198952.00
9	22279.41	9336.59	415033.19	* 25	10444.98	21171.02	177780.98
10	21789.24	9826.76	405206.43	* 26	9333.50	22282.50	155498.48
11	21273.34	10342.66	394863.77	* 27	8163.67	23452.33	132046.15
12	20730.35	10885.65	383978.12	* 28	6932.42	24683.58	107362.57
13	20158.85	11457.15	372520.97	* 29	5636.53	25979.47	81383.10
14	19557.35	12058.65	360462.32	* 30	4272.61	27343.39	54039.71
15	18924.27	12691.73	347770.59	* 31	2837.08	28778.92	25260.79
16	18257.96	13358.04	334412.55	* 32	1326.19	25260.79	.00

TOTAL INTEREST 522,574.02 LAST PAYMENT: 26,586.98
 TOTAL PRINCIPAL 484,108.96
 TOTAL PAID: 1,006,682.98 TERM: 32 YEARS
 Last Payment 10-11-35

91-06

PROMISSORY NOTE
(ASSOCIATION OR ORGANIZATION)

State KENTUCKY			
County LAUREL			
Case No. 20-063-0611039994			
FINANCE OFFICE USE ONLY			
F	LN	LC	IA

- KIND OF LOAN:
 ASSOCIATION- ORGANIZATION
 HOUSING-ORGANIZATION
 PUBLIC BODY
 OTHER

91-07

Date JULY 23, 2002

FOR VALUE RECEIVED, WEST LAUREL WATER ASSOCIATION, INC.
 (herein called "Borrower") promises to pay to the order of the United States of America, acting through the Rural Housing Service, Rural Business-Cooperative Service, or Rural Utilities Service within the Rural Development Mission Area, the Farm Service Agency, or their successor Agencies, United States Department of Agriculture, (herein called the "Government") at its office in 95 SOUTH LAUREL ROAD, LONDON, KY 40744, or at such other place as the Government may hereafter designate in writing, the principal amount of ONE MILLION FIVE HUNDRED THIRTY-SIX THOUSAND dollars (\$ 1,536,000), plus interest on the unused principal balance at the rate of FOUR AND THREE QUARTERS percent (4.75 %) per annum. The said principal and interest shall be paid in the following installments on or before the following dates:

\$ INTEREST ONLY on JULY 23, 2003,
 \$ INTEREST ONLY on JULY 23, 2004,
 \$ _____ on _____,
 \$ _____ on _____, and
 \$ 88,059.00 thereafter on the 23RD OF JULY of each YEAR

until the principal and interest are fully paid except that the final installment of the entire indebtedness evidenced hereby, if not sooner paid, shall be due and payable FORTY (40) years from the date of this note, and except that prepayments may be made as provided below. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to Borrower as requested by Borrower and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the reverse hereof.

Every payment made on any indebtedness evidenced by this note shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Government according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this note and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

If the Government at any time assigns this note and insures the payment thereof, Borrower shall continue to make payments to the Government as collection agent for the holder. No assignment of this note shall be effective unless the Borrower is notified in writing of the name and address of the assignee. The Borrower shall thereupon duly note in its records the occurrence of such assignment, together with the name and address of the assignee.

While this note is held by an insured lender, prepayments as above authorized made by Borrower may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted to the holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Borrower, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment of Borrower, and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

File name 91-07

04-FEB-04 10:15 AMORTIZATION SCHEDULE

For
WEST LAUREL WATER ASSOCIATION
NOTE #91-07

=====

LOAN AMOUNT	ANNUAL RATE	PAYMENTS/YEAR	PAYMENT	FIRST PAYMENT
1,534,958.46	4.75%	1	88059.00	07/23/2005

PMT NBR	INTEREST	PAYMENT ON PRINCIPAL	LOAN BALANCE	*PMT *NBR	INTEREST	PAYMENT ON PRINCIPAL	LOAN BALANCE
105	72910.53	15148.47	1519809.99	* 20	51474.64	36584.36	1047092.26
206	72190.97	15868.03	1503941.96	* 21	49736.88	38322.12	1008770.14
307	71437.24	16621.76	1487320.20	* 22	47916.58	40142.42	968627.72
408	70647.71	17411.29	1469908.91	* 23	46009.82	42049.18	926578.54
5	69820.67	18238.33	1451670.58	* 24	44012.48	44046.52	882532.02
6	68954.35	19104.65	1432565.93	* 25	41920.27	46138.73	836393.29
7	68046.88	20012.12	1412553.81	* 26	39728.68	48330.32	788062.97
8	67096.31	20962.69	1391591.12	* 27	37432.99	50626.01	737436.96
9	66100.58	21958.42	1369632.70	* 28	35028.26	53030.74	684406.22
10	65057.55	23001.45	1346631.25	* 29	32509.30	55549.70	628856.52
11	63964.98	24094.02	1322537.23	* 30	29870.68	58188.32	570668.20
12	62820.52	25238.48	1297298.75	* 31	27106.74	60952.26	509715.94
13	61621.69	26437.31	1270861.44	* 32	24211.51	63847.49	445868.45
14	60365.92	27693.08	1243168.36	* 33	21178.75	66880.25	378988.20
15	59050.50	29008.50	1214159.86	* 34	18001.94	70057.06	308931.14
16	57672.59	30386.41	1183773.45	* 35	14674.23	73384.77	235546.37
17	56229.24	31829.76	1151943.69	* 36	11188.45	76870.55	158675.82
18	54717.33	33341.67	1118602.02	* 37	7537.10	80521.90	78153.92
19	53133.60	34925.40	1083676.62	* 38	3712.31	78153.92	.00

TOTAL INTEREST	1,805,090.77	LAST PAYMENT:	81,866.23
TOTAL PRINCIPAL	1,534,958.46		

TOTAL PAID: 3,340,049.23 TERM: 38 YEARS

91-07

WEST LAUREL WATER ASSOCIATION

BILLING ANALYSIS FOR YEAR ENDING DEC. 2003

5/8 INCH CONNECTIONS

TEST YEAR RATES AND REVENUE

USAGE TABLE

	Bills	Gallons	1,000	1,000	1,000	2,000	5,000	10,000
First 1,000	8,764	2,007.6	2,007.6					
Next 1,000	5,697	9,003.8	5,697.0	3,306.8				
Next 1,000	7,609	19,546.2	7,609.0	7,609.0	4,328.2			
Next 2,000	14,957	59,726.2	14,957.0	14,957.0	14,957.0	14,855.2		
Next 5,000	13,392	91,118.7	13,392.0	13,392.0	13,392.0	26,784.0	24,158.7	
Over 10,000	3,408	58,900.6	3,408.0	3,408.0	3,408.0	6,816.0	17,040.0	24,820.6
Total	53,827	240,303.1	47,070.6	42,672.8	36,085.2	48,455.2	41,198.7	24,820.6

REVENUE TABLE

	Bills	Gallons	Rate	Revenue				
First 1,000	53,827	47,070.6	\$ 8.29	\$ 446,226				
Next 1,000		42,672.8	3.99	170,264				
Next 1,000		36,085.2	3.99	143,980				
Next 2,000		48,455.2	3.69	178,800				
Next 5,000		41,198.7	3.12	128,540				
Over 10,000		24,820.6	2.44	60,562				
Total		240,303.1		\$ 1,128,372				

WEST LAUREL WATER ASSOCIATION

BILLING ANALYSIS FOR YEAR ENDING DEC. 2003

1 INCH CONNECTIONS

TEST YEAR RATES AND REVENUE

USAGE TABLE

	Bills	Gallons	5,000	5,000	10,000
First 5,000	112	267.1	267.1		
Next 5,000	33	216.5	165.0	51.5	
Over 10,000	19	540.6	95.0	95.0	350.6
Total	164	1,024.2	527.1	146.5	350.6

REVENUE TABLE

	Bills	Gallons	Rate	Revenue	
First 5,000	164	527.1	\$ 23.65	\$ 3,879	
Next 5,000		146.5	3.12	457	
Over 10,000		350.6	2.44	855	
Total		1,024.2		\$ 5,191	

WEST LAUREL WATER ASSOCIATION

BILLING ANALYSIS FOR YEAR ENDING DEC. 2003

2 INCH CONNECTIONS

TEST YEAR RATES AND REVENUE

USAGE TABLE

	Bills	Gallons	20,000	20,000
First 20,000	81	526.3	526.3	
Over 20,000	88	10,909.3	1,760.0	9,149.3
Total	169	11,435.6	2,286.3	9,149.3

REVENUE TABLE

	Bills	Gallons	Rate	Revenue
First 20,000	169	2,286.3	\$ 63.65	\$ 10,757
Over 20,000		9,149.3	2.44	22,324
Total		11,435.6		\$ 33,081

WEST LAUREL WATER ASSOCIATION

BILLING ANALYSIS FOR YEAR ENDING DEC. 2003

3 INCH CONNECTIONS

TEST YEAR RATES AND REVENUE

USAGE TABLE

	Bills	Gallons	30,000	30,000
First 30,000	31	260.8	260.8	
Over 30,000	6	419.4	180.0	239.4
Total	37	680.2	440.8	239.4

REVENUE TABLE

	Bills	Gallons	Rate	Revenue
First 30,000	37	440.8	\$ 88.05	\$ 3,257.85
Over 30,000		239.4	2.44	584
Total		680.2		\$ 3,841.99

WEST LAUREL WATER ASSOCIATION		
Cumberland Falls Hwy Water District		
9,046,000	1.78	\$ 16,102

WEST LAUREL WATER ASSOCIATION, INC.
London, Kentucky

REPORT OF AUDIT
Years Ended December 31, 2003 and 2002

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INDEPENDENT AUDITOR'S REPORT

February 17, 2004

West Laurel Water Association, Inc.
London, Kentucky

We have audited the accompanying balance sheets of West Laurel Water Association, Inc. (a non-profit organization) as of December 31, 2003 and 2002, and the related statements of income, retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits, as of and for the years ended December 31, 2003 and 2002, in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of West Laurel Water Association, Inc. as of December 31, 2003 and 2002, and the results of its operations and its cash flows for the years then ended, in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report on our consideration of West Laurel Water Association, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of federal financial assistance is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Cloyd & Associates, PSC

Certified Public Accountants

WEST LAUREL WATER ASSOCIATION, INC.
London, Kentucky

BALANCE SHEETS
December 31,

EQUITIES AND LIABILITIES

	<u>2003</u>	<u>2002</u>
EQUITIES		
Federal grants	\$ 584,650	\$ 265,000
Customer tap-on fees	1,190,655	1,128,082
Contributions in aid of construction other (Note 6)	1,037,132	765,728
Retained earnings (deficit)	<u>227,773</u>	<u>371,098</u>
Total equities	<u>3,040,210</u>	<u>2,529,908</u>
LONG-TERM DEBT (Note 4)		
Rural Development notes payable	<u>2,984,971</u>	<u>1,915,085</u>
CURRENT LIABILITIES		
Current maturities of long-term debt (Note 4)	48,786	46,438
Accounts payable	187,095	434
Accounts payable to associated companies (Note 5)	106,798	91,129
Customer deposits	6,409	5,459
Accrued taxes	2,598	2,800
Accrued interest	<u>60,304</u>	<u>33,175</u>
Total current liabilities	<u>411,990</u>	<u>179,435</u>
TOTAL EQUITIES AND LIABILITIES	<u>\$6,437,171</u>	<u>\$ 4,624,428</u>

WEST LAUREL WATER ASSOCIATION, INC.
London, Kentucky

STATEMENTS OF REVENUES AND EXPENSES
Years Ended December 31,

	<u>2003</u>		<u>2002</u>	
	<u>Amount</u>	<u>Per 1,000 gallons</u>	<u>Amount</u>	<u>Per 1,000 gallons</u>
GALLONS OF WATER SOLD (in thousands)	<u>262,954</u>		<u>273,745</u>	
OPERATING REVENUES	<u>\$1,208,494</u>	<u>\$ 4.60</u>	<u>\$1,220,849</u>	<u>\$ 4.45</u>
OPERATING EXPENSES				
Purchased water	446,071	1.69	442,548	1.61
Purchased power	8,159	.03	6,163	.02
Materials and supplies	181,278	.69	193,597	.71
Contractual services - other	401,566	1.53	328,669	1.20
Bad debt expense	7,341	.03	10,936	.04
Engineering	910	.01	110	-
Legal and accounting	11,550	.04	7,784	.02
Insurance – general liability	9,083	.03	8,685	.03
Insurance – other	1,312	.01	1,392	.01
Commissioners' fees	13,500	.05	7,560	.03
Taxes other than income	2,331	.01	818	.01
Depreciation	140,292	.53	109,142	.40
Miscellaneous expense	<u>855</u>	<u>.01</u>	<u>-</u>	<u>-</u>
Total operating expenses	<u>1,224,248</u>	<u>4.66</u>	<u>1,117,404</u>	<u>4.08</u>
NET OPERATING REVENUES	<u>(15,754)</u>	<u>(.06)</u>	<u>103,445</u>	<u>.37</u>
OTHER INCOME (EXPENSE)				
Interest income	14,744	.05	22,314	.08
Interest on long-term debt	(142,189)	(.54)	(86,149)	(.31)
Other interest expense	<u>(126)</u>	<u>-</u>	<u>(117)</u>	<u>-</u>
Total other income (expense)	<u>(127,571)</u>	<u>(.49)</u>	<u>(63,952)</u>	<u>(.23)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	<u>\$ (143,325)</u>	<u>\$ (.55)</u>	<u>\$ 39,493</u>	<u>\$.14</u>

The accompanying notes are an integral part of these financial statements.

WEST LAUREL WATER ASSOCIATION, INC.
London, Kentucky

STATEMENTS OF RETAINED EARNINGS
Years Ended December 31,

	<u>2003</u>	<u>2002</u>
RETAINED EARNINGS (DEFICIT), Beginning of year	\$ 371,098	\$ 331,605
Excess (DEFICIENCY) of revenues over expenses	<u>(143,325)</u>	<u>39,493</u>
RETAINED EARNINGS (DEFICIT), End of year	\$ <u>227,773</u>	\$ <u>371,098</u>

The accompanying notes are an integral part of these financial statements.

WEST LAUREL WATER ASSOCIATION, INC.
London, Kentucky

STATEMENTS OF CASH FLOWS
Years Ended December 31,

	<u>2003</u>	<u>2002</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ (143,325)	\$ 39,493
Noncash (revenues) expenses included in excess of revenues over expenses:		
Depreciation	140,292	109,142
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	24,777	(12,437)
(Increase) decrease in accounts receivable – related parties	17,393	(15,525)
(Increase) decrease in other current assets	367	821
Increase (decrease) in accounts payable	186,661	216
Increase (decrease) in accounts payable to associated companies	15,668	16,457
Increase (decrease) in customer deposits	950	833
Increase (decrease) in accrued interest	27,128	5,000
Increase (decrease) in accrued taxes	<u>(202)</u>	<u>-</u>
Net cash provided by (used in) operating activities	<u>269,709</u>	<u>144,000</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	<u>(2,028,547)</u>	<u>(762,348)</u>
Net cash provided by (used in) investing activities	<u>(2,028,547)</u>	<u>(762,348)</u>
 CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Federal grant	319,650	-
Proceeds from customer tap-on fees	62,573	67,829
Contributions in aid of construction – other	271,404	165,032
Proceeds from long-term debt	1,121,500	414,500
Principal payments on long-term debt	<u>(49,266)</u>	<u>(44,964)</u>
Net cash provided by (used in) financing activities	<u>1,725,861</u>	<u>602,397</u>
 Net change in cash and temporary cash investments	<u>(32,977)</u>	<u>(15,951)</u>
 Cash and temporary cash investments:		
Beginning	<u>986,885</u>	<u>1,002,832</u>
Ending	<u>\$ 953,908</u>	<u>\$ 986,885</u>
 SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash payments for:		
Interest	<u>142,189</u>	<u>86,149</u>

The accompanying notes are an integral part of these financial statements.

WEST LAUREL WATER ASSOCIATION, INC.
London, Kentucky

NOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 2003

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies that affect the more significant elements of the financial statements of West Laurel Water Association, Inc. are summarized below:

GENERAL: West Laurel Water Association, Inc. (the Association) was organized as a nonprofit corporation without capital stock under the laws of the Commonwealth of Kentucky on February 25, 1970. The organization was formed to provide water service to its consumers.

METHOD OF ACCOUNTING: The Association maintains its books on a combination of cash and accrual basis accounting. Revenues are recorded on an accrual basis, but expenses are recorded on a cash basis. However, financial statements are prepared on the accrual basis to properly reflect financial position and results of operations. The Association complies with all GASB and FASB pronouncements. However, in the event there is a conflict, GASB pronouncements are overriding.

PLANT, EQUIPMENT AND DEPRECIATION: Plant and equipment are recorded at cost. Major additions to plant are constructed by independent contractors. All other plant additions are constructed by Wood Creek Water District. Depreciation of plant and equipment is computed by the straight-line method using the following annual rates:

Intangible plant	2.5%
Structures and improvements	2.0%
Pumping and water treatment equipment	4.0%
Transmission and distribution mains	2.0%
Meters, hydrants and services	5.0%
Laboratory and communication equipment	10.0 - 20.0%

SERVICES PROVIDED BY WOOD CREEK WATER DISTRICT: Wood Creek Water District provides maintenance, construction and office services to West Laurel Water Association, Inc. Wood Creek bills the cost of maintenance and construction services to West Laurel Water Association, Inc. monthly.

ACCOUNTS RECEIVABLE: Accounts receivable are carried net of the provision for doubtful accounts. The provision for doubtful accounts is based on historical bad debt experience and is estimated to be approximately 5% of the balance of accounts receivable. The aged trial balance of accounts receivable is reviewed at the end of each year, and the accounts that are deemed uncollectible are written off by management.

USE OF ESTIMATES: The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS: For purposes of reporting cash flows, the Association considers cash on hand, checking accounts, savings accounts, and certificates of deposit to be cash equivalents.

WEST LAUREL WATER ASSOCIATION, INC.
London, Kentucky

NOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 2003

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CONCENTRATIONS OF CREDIT: The Association places its temporary cash investments with local financial institutions. The financial institutions pledge collateral securities, which are in addition to FDIC coverage.

NOTE 2 - CASH AND TEMPORARY CASH INVESTMENTS

The Association does not have a formal written investment policy. However, it has been the Association's policy to place its temporary cash investments in interest bearing checking accounts, savings accounts and certificates of deposit. (see Note 1)

The required reserve account balance for the retirement of debt at December 31, 2003 and 2002 was \$110,324 and \$107,204, respectively. The Association had \$732,764 and \$725,745 at December 31, 2003 and 2002, respectively, in certificates of deposit for sinking and depreciation reserve.

NOTE 3 - PLANT, EQUIPMENT AND DEPRECIATION

A summary of utility plant and accumulated depreciation at December 31 is as follows:

	<u>2003</u>	<u>2002</u>
Utility Plant:		
Organization	\$ 7,677	\$ 7,677
Land and land rights	35,927	10,926
Structures and improvements	7,219	7,219
Pumping equipment	28,716	28,716
Distribution reservoirs and standpipes	1,208,619	279,228
Transmission and distribution mains	4,908,212	3,393,748
Services	564,656	532,228
Meters and meter installations	614,169	589,357
Hydrants	40,878	33,882
Laboratory & communication equipment	10,036	363
Construction in progress	-	514,218
	<u>\$7,426,109</u>	<u>\$5,397,562</u>

WEST LAUREL WATER ASSOCIATION, INC.
London, Kentucky

NOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 2003

NOTE 3 - PLANT, EQUIPMENT AND DEPRECIATION (CONTINUED)

	<u>2003</u>	<u>2002</u>
Accumulated Depreciation:		
Organization	\$ 5,951	\$ 5,759
Structures and improvements	4,469	4,324
Pumping equipment	20,822	20,017
Distribution reservoirs and standpipes	142,815	127,937
Transmission and distribution mains	1,179,722	1,096,705
Services	318,639	298,778
Meters and meter installations	365,743	346,127
Hydrants	18,262	16,806
Laboratory & communication equipment	<u>685</u>	<u>363</u>
	<u>\$ 2,057,108</u>	<u>\$1,916,816</u>

Depreciation expense for the years ended December 31, 2003 and 2002 is \$140,292 and \$109,142, respectively.

NOTE 4 - LONG-TERM DEBT

The Association's long-term debt consists of notes payable to Rural Development (formerly Farmers Home Administration). The notes mature annually in varying series over the period 2003 to 2042.

<u>Original Issue</u>	<u>Interest Rate</u>	<u>Outstanding 12-31-03</u>	<u>Current</u>	<u>Long-term</u>
\$ 500,000	5.00%	\$ 178,353	\$ 18,842	\$ 159,511
448,000	5.00%	291,985	12,332	279,653
500,000	5.00%	416,817	8,738	408,079
153,000	5.00%	127,535	2,674	124,861
516,000	5.25%	484,109	6,200	477,909
1,536,000	4.75%	<u>1,534,958</u>	<u>0</u>	<u>1,534,958</u>
		<u>\$3,033,757</u>	<u>\$ 48,786</u>	<u>\$2,984,971</u>

WEST LAUREL WATER ASSOCIATION, INC.
London, Kentucky

NOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 2003

NOTE 4 - LONG-TERM DEBT (CONTINUED)

Principal and interest payments on the above notes are due annually. All notes are secured by a first mortgage lien on the Association's utility system and by a pledge of its revenues. As of December 31, 2003, annual maturities of long-term debt outstanding are as follows:

2004	\$ 48,786
2005	66,390
2006	69,688
2007	73,149
2008	76,783
Thereafter	<u>2,698,961</u>
	<u>\$ 3,033,757</u>

Included in the Association's note payable balance at December 31, 2003 is a note in the amount of \$1,534,958. Of that amount, \$1,121,500 was drawn during the calendar year 2003 to finance a construction project, which was completed and placed in service at December 31, 2003. An interest only payment will be made on the note on July 23, 2004. This note bears an annual interest rate of 4.75% and is to be repaid in annual payments (including principal and interest) in the amount of \$88,059.00 over 40 years beginning July 23, 2005.

NOTE 5 - RELATED PARTY TRANSACTIONS

A summary of amounts paid to Wood Creek Water District for services provided to West Laurel Water Association, Inc. at December 31 is as follows:

	<u>2003</u>	<u>2002</u>
Purchased water	\$ 446,071	\$ 442,548
Materials, labor and other	<u>765,901</u>	<u>543,467</u>
	<u>\$1,211,972</u>	<u>\$ 986,015</u>
Accounts payable to associated companies: Wood Creek Water District	<u>\$ 106,798</u>	<u>\$ 91,129</u>

NOTE 6 - CONTRIBUTIONS IN AID OF CONSTRUCTION - OTHER

During 2003, the Laurel County Fiscal Court provided funding of \$271,404 for additional water lines. These funds are included in contributions in aid of construction - other.

February 17, 2004

West Laurel Water Association, Inc.
London, Kentucky

We have audited the financial statements of West Laurel Water Association, Inc. (a nonprofit organization) as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated February 17, 2004. We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether West Laurel Water Association, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered West Laurel Water Association, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements, and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over the financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the use of the management of West Laurel Water Association, Inc. and Rural Development. This restriction is not intended to limit the distribution of this report.

Cloyd & Associates, PSC

Certified Public Accountants

February 17, 2004

West Laurel Water Association, Inc.
London, Kentucky

Compliance

We have audited the compliance of West Laurel Water Association, Inc. with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2003. West Laurel Water Association Inc.'s major federal programs are identified in the Schedule of Federal Financial Assistance. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of West Laurel Water Association, Inc.'s management. Our responsibility is to express an opinion on West Laurel Water Association, Inc.'s compliance based on our audit.

We conducted our audits of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audits to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about West Laurel Water Association, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinion. Our audits do not provide a legal determination of West Laurel Water Association, Inc.'s compliance with those requirements.

In our opinion, West Laurel Water Association, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2003. The results of our auditing procedures disclosed no instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133.

Internal Control Over Compliance

The management of West Laurel Water Association, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered West Laurel Water Association, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that

noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. This report is intended solely for the use of the management of West Laurel Water Association, Inc. and Rural Development. This restriction is not intended to limit the distribution of the report.

Cloyd & Associates, PSC
Certified Public Accountants

WEST LAUREL WATER ASSOCIATION, INC.
London, Kentucky

STATEMENT OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2003

SUMMARY OF AUDIT RESULTS

1. The auditor's reports express an unqualified opinion on the financial statements of West Laurel Water Association, Inc.
2. No material weaknesses in internal control were identified during the audits of the financial statements.
3. No instances of noncompliance material to the financial statements of West Laurel Water Association, Inc. were disclosed during the audits.
4. No material weaknesses were identified during the audits of the major federal award programs.
5. The auditor's reports on compliance for the major federal award programs for West Laurel Water Association, Inc. express an unqualified opinion.
6. The programs tested as major programs are identified in the Schedule of Federal Financial Assistance on Page 14.
7. The threshold for distinguishing Types A and B programs was \$300,000.
8. West Laurel Water Association, Inc. was determined to be a low-risk auditee for the year ended December 31, 2003.

FINDINGS – FINANCIAL STATEMENTS AUDIT

None

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL PROGRAMS AUDIT

None

WEST LAUREL WATER ASSOCIATION, INC.
London, Kentucky

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
Year Ended December 31, 2003

	<u>Receipts- Federal Assistance</u>	<u>Disbursements</u>	<u>Cash at 12/31/03</u>
<u>Department of Agriculture</u> Passed Through Rural Development:			
Program or award amount - \$1,536,000	<u>\$1,121,500</u>	<u>\$1,121,500</u>	\$ _____ -
Program or award amount- CFDA#10-760 \$500,000	<u>\$ 319,650</u>	<u>\$ 319,650</u>	\$ _____ -
Total Federal Financial Assistance	<u>\$1,441,150</u>	<u>\$1,441,150</u>	\$ _____ -

WEST LAUREL WATER ASSOCIATION						
EXPENSES						
12/31/03						
	JAN	FEB	MAR	APR	MAY	JUN
Purchased water	38,205.27	32,444.77	30,238.47	35,892.17	40,049.40	40,236.76
Purchased power	1,003.51	613.09	196.69	850.01	500.96	75.20
Materials & Supplies	14,225.58	14,385.77	14,047.48	13,814.31	13,608.96	14,077.56
Contractual services-other	26,349.69	24,621.58	28,745.46	23,217.31	31,927.28	37,088.15
Bad debt expense						
Engineering						195.00
Legal & Accounting		5,200.00	6,350.00			
Insurance					381.00	
Commissioners fees	1,125.00	1,125.00	1,125.00	1,125.00	1,125.00	1,125.00
Taxes other than income						2,331.00
Depreciation	11,690.96	11,690.96	11,690.96	11,690.96	11,690.96	11,690.96
Miscellaneous expenses		397.66			104.61	
Interest on L/T debt	11,849.08	11,849.08	11,849.08	11,849.08	11,849.08	11,849.08
	104,449.09	102,327.91	104,243.14	98,438.84	111,237.25	118,668.71

JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
38,734.13	36,006.87	39,045.24	37,407.95	39,583.16	38,226.35	446,070.54
1,121.92	701.84	519.60	1,197.21	1,286.66	92.22	8,158.91
14,383.52	14,334.64	15,210.05	15,681.54	17,196.67	20,311.68	181,277.76
38,662.97	49,641.18	28,353.22	38,608.28	35,187.90	39,163.32	401,566.34
					7,341.50	7,341.50
			260.00		455.00	910.00
						11,550.00
3,356.00	6,658.26					10,395.26
1,125.00	1,125.00	1,125.00	1,125.00	1,125.00	1,125.00	13,500.00
						2,331.00
11,690.96	11,690.96	11,690.96	11,690.96	11,690.96	11,690.95	140,291.51
116.99	90.20				145.85	855.31
11,849.08	11,849.09	11,849.09	11,849.09	11,849.09	11,849.07	142,188.99
121,040.57	132,098.04	107,793.16	117,820.03	117,919.44	130,400.94	1,366,437.12

WEST LAUREL WATER ASSOCIATION
EXPENSES
12/31/03

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
Purchased water	38,205.27	32,444.77	30,238.47	35,892.17	40,049.40	40,238.76	38,734.13	36,006.87	39,045.24	37,407.95	39,583.16	38,226.35	446,070.54
Purchased power	1,003.51	613.09	196.69	850.01	500.96	75.20	1,121.92	701.84	519.60	1,197.21	1,288.66	92.22	8,158.91
Materials & Supplies	14,225.58	14,386.77	14,047.48	13,814.31	13,608.96	14,077.56	14,383.52	14,334.64	15,210.05	15,681.54	17,196.67	20,311.88	181,277.76
Contractual services-other	26,349.69	24,621.58	28,745.46	23,217.31	31,927.28	37,088.15	38,662.97	49,641.18	28,353.22	38,608.28	35,187.90	39,163.32	401,566.34
Bad debt expense						195.00				260.00			7,341.50
Engineering													910.00
Legal & Accounting		5,200.00	6,350.00		381.00								11,550.00
Insurance					1,125.00	1,125.00	3,356.00	6,658.26	1,125.00	1,125.00	1,125.00	1,125.00	10,395.26
Commissioners fees	1,125.00	1,125.00	1,125.00	1,125.00	1,125.00	2,331.00	1,125.00	1,125.00	1,125.00	1,125.00	1,125.00	1,125.00	13,500.00
Taxes other than income													2,331.00
Depreciation	11,690.96	11,690.96	11,690.96	11,690.96	11,690.96	11,690.96	11,690.96	11,690.96	11,690.96	11,690.96	11,690.96	11,690.95	140,291.51
Miscellaneous expenses		397.66			104.61		116.99	90.20					855.31
Interest on LT debt	11,849.08	11,849.08	11,849.08	11,849.08	11,849.08	11,849.08	11,849.08	11,849.09	11,849.09	11,849.09	11,849.09	11,849.07	142,188.99
	<u>104,449.09</u>	<u>102,327.91</u>	<u>104,243.14</u>	<u>98,438.84</u>	<u>111,237.25</u>	<u>118,668.71</u>	<u>121,040.57</u>	<u>132,098.04</u>	<u>107,793.16</u>	<u>117,820.03</u>	<u>117,919.44</u>	<u>130,400.94</u>	<u>1,366,437.12</u>

WEST LAUREL WATER ASSOCIATION, INC.
London, Kentucky

STATEMENTS OF REVENUES AND EXPENSES
Years Ended December 31,

	<u>2003</u>		<u>2002</u>	
	<u>Amount</u>	<u>Per 1,000 gallons</u>	<u>Amount</u>	<u>Per 1,000 gallons</u>
GALLONS OF WATER SOLD (in thousands)	<u>262,954</u>		<u>273,745</u>	
OPERATING REVENUES	<u>\$1,208,494</u>	<u>\$ 4.60</u>	<u>\$1,220,849</u>	<u>\$ 4.45</u>
OPERATING EXPENSES				
Purchased water	446,071	1.69	442,548	1.61
Purchased power	8,159	.03	6,163	.02
Materials and supplies	181,278	.69	193,597	.71
Contractual services - other	401,566	1.53	328,669	1.20
Bad debt expense	7,341	.03	10,936	.04
Engineering	910	.01	110	-
Legal and accounting	11,550	.04	7,784	.02
Insurance – general liability	9,083	.03	8,685	.03
Insurance – other	1,312	.01	1,392	.01
Commissioners' fees	13,500	.05	7,560	.03
Taxes other than income	2,331	.01	818	.01
Depreciation	140,292	.53	109,142	.40
Miscellaneous expense	<u>855</u>	<u>.01</u>	<u>-</u>	<u>-</u>
Total operating expenses	<u>1,224,248</u>	<u>4.66</u>	<u>1,117,404</u>	<u>4.08</u>
NET OPERATING REVENUES	<u>(15,754)</u>	<u>(.06)</u>	<u>103,445</u>	<u>.37</u>
OTHER INCOME (EXPENSE)				
Interest income	14,744	.05	22,314	.08
Interest on long-term debt	(142,189)	(.54)	(86,149)	(.31)
Other interest expense	<u>(126)</u>	<u>-</u>	<u>(117)</u>	<u>-</u>
Total other income (expense)	<u>(127,571)</u>	<u>(.49)</u>	<u>(63,952)</u>	<u>(.23)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	<u>\$ (143,325)</u>	<u>\$ (.55)</u>	<u>\$ 39,493</u>	<u>\$.14</u>

The accompanying notes are an integral part of these financial statements.

**WEST LAUREL WATER ASSOCIATION
EXPENSES
12/31/04**

	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>
Purchased water	38,226.35	37,416.26	32,666.19	37,051.57	32,168.58	34,323.82
Purchased power	971.89	129.57	1,858.03	960.27	901.38	995.03
Materials & Supplies	19,729.02	14,887.54	15,302.42	15,255.75	14,509.22	15,083.98
Contractual services-other	39,349.69	44,490.78	42,436.87	31,380.82	43,455.16	36,599.24
Engineering	845.00					260.00
Legal & Accounting		5,300.00	4,800.00	441.00		
Insurance					381.00	3,307.00
Commissioners fees	1,125.00	1,125.00	1,125.00	1,125.00	1,125.00	1,125.00
Taxes other than income						
Interest on L/T debt						
Miscellaneous expenses	91.72	161.20	85.99		70.72	55.21
Interest on L/T debt		14,068.00				
	<u>100,338.67</u>	<u>117,578.35</u>	<u>98,274.50</u>	<u>86,214.41</u>	<u>92,611.06</u>	<u>91,749.28</u>

<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>TOTAL</u>
39,325.73	38,951.00	44,497.90	32,333.74	36,874.38	36,688.00	440,523.52
1,312.85	1,253.01	1,341.43	1,118.51	987.28	90.52	11,919.77
16,162.75	14,777.60	26,036.09	16,753.33	14,947.30	16,116.73	199,561.73
28,419.05	35,774.65	25,828.33	18,930.06	24,127.32	25,674.78	396,466.75
					710.00	1,815.00
146.63	338.12					11,025.75
	7,688.63		583.73			11,960.36
1,125.00	1,125.00	1,125.00	1,125.00	1,125.00	1,125.00	13,500.00
2,085.86						2,085.86
						0.00
295.13	106.76	72.43	90.56	10.78		1,040.50
72,957.78		27,305.00	25,416.00		10,538.00	150,284.78
<u>161,830.78</u>	<u>100,014.77</u>	<u>126,206.18</u>	<u>96,350.93</u>	<u>78,072.06</u>	<u>90,943.03</u>	<u>1,240,184.02</u>

WEST LAUREL WATER ASSOCIATION
 EXPENSES
 12/31/04

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
Purchased water	38,226.35	37,416.26	32,666.19	37,051.57	32,168.58	34,323.82	39,325.73	38,951.00	44,497.90	32,333.74	36,874.38	36,688.00	440,523.52
Purchased power	971.89	129.57	1,858.03	960.27	901.38	995.03	1,312.85	1,253.01	1,341.43	1,118.51	987.28	90.52	11,919.77
Materials & Supplies	19,729.02	14,887.54	15,302.42	15,255.75	14,509.22	15,083.98	16,162.75	14,777.60	26,036.09	16,753.33	14,947.30	16,116.73	199,561.73
Contractual services-other	39,349.69	44,490.78	42,436.87	31,380.82	43,455.16	36,599.24	28,419.05	35,774.65	25,828.33	18,930.06	24,127.32	25,674.78	398,466.75
Engineering	845.00					260.00						710.00	1,815.00
Legal & Accounting		5,300.00	4,800.00	441.00			146.63	338.12					11,025.75
Insurance	1,125.00	1,125.00	1,125.00	1,125.00	381.00	3,307.00	1,125.00	7,688.63	1,125.00	1,125.00	1,125.00	1,125.00	11,960.36
Commissioners fees						1,125.00	2,085.86						13,500.00
Taxes other than income													2,085.86
Interest on L/T debt	91.72	161.20	85.99		70.72	55.21	295.13	106.76	72.43	90.56	10.78		1,040.50
Miscellaneous expenses		14,068.00					72,967.78		27,305.00	25,416.00			150,284.78
Interest on L/T debt	100,338.67	117,578.35	98,274.50	86,214.41	92,611.06	91,749.28	161,830.78	100,014.77	126,206.18	96,350.93	78,072.06	90,943.03	1,240,184.02

WEST LAUREL WATER ASSOCIATION

ALLOCATION OF PLANT VALUE

	Total	Commodity	Demand	Customer
Structures and Improvements	\$ 7,219		\$ 7,219	
Land and Land Rights	35,927		35,927	
Pumping Equipment	28,716		28,716	
Dist. Reservoirs and Standpipes	1,208,619		1,208,619	
Transmission and Distribution Main	4,908,212		4,908,212	
Meters and Services	564,656			564,656
Hydrants	614,169			614,169
Backflow Prevention Devices	40,878			40,878
Subtotal	7,408,396	-	6,188,693	1,219,703
Percentage			0.8354	0.1646
Organization	7,677		6,413	1,264
Communications Equipment	10,036		8,384	1,652
Total	\$ 7,426,109	\$ -	\$ 6,203,490	\$ 1,222,619
Percentage			0.8354	0.1646

WEST LAUREL WATER ASSOCIATION

ALLOCATION OF DEPRECIATION

	Total	Commodity	Demand	Customer
Structures and Improvements	\$ 4,469		\$ 4,469	
Pumping Equipment	20,822		20,822	
Dist. Reservoirs and Standpipes	142,815		142,815	
Transmission and Distribution Mains	1,179,722		1,179,722	
Meters	365,743			365,743
Services	318,639		318,639	
Hydrants	18,262			18,262
Subtotal	2,050,472	-	1,666,467	384,005
Percentage			0.8127	0.1873
Organization	5,951		4,837	1,114
Other Plant	685		557	128
Total	\$ 2,057,108	\$ -	\$ 1,671,860	\$ 385,248
Percentage			0.8127	0.1873

WEST LAUREL WATER ASSOCIATION		
WATER PURCHASED AND SOLD		
Total Purchased	362,112,100	
Fire Department and Sewer	42,779,000	0.1181
System Use	4,450,000	0.0123
Line Loss	52,394,000	0.1447
Retail Sales	253,443,100	0.6999
Wholesale Sales	9,046,000	0.0250
Total	362,112,100	1.00

WEST LAUREL WATER ASSOCIATION

INCH MILE RATIO

Size	Total System			Jointly Used		
	Feet	Miles	Inch Miles	Feet	Miles	Inch Miles
12	52,874	10.01	120.17	40,585	7.69	92.24
10	18,667	3.54	35.35	14,768	2.80	27.97
8	31,950	6.05	48.41	24,404	4.62	36.98
6	23,435	4.44	26.63	13,358	2.53	15.18
4	38,950	7.38	29.51	-	-	-
3	106,665	20.20	60.61	-	-	-
2	39,731	7.52	15.05	-	-	-
	312,272	59.14	335.72	93,115	17.64	172.36
Inch Mile Ratio		0.5134				

WEST LAUREL WATER ASSOCIATION				
ALLOCATION FACTORS				
West Laurel Water Production Factor				
Plant Use and Line Loss and Other	0.2751			
Water Production Factor	1			1.3795
	1 - .2751			
Jointly Used Pipe / Total Pipe	172.36	/	335.72	0.5134
Wholesale Water Production Factor				
Plant and System Use + Line Loss x Jointly Used Lines	0.1570	x	0.5134	0.0806
Wholesale Water Production Factor	1			1.0876
	1 - .0806			
Wholesale Production Allocation Factor	1.0876 * 9,046,000			0.0234
	1.3795 * 305,268,100			
Transmission Factor	9,046,000			0.0152
	305,268,100	*	0.5134	
Commodity Factor	9,046,000			0.0296
	305,268,100			

WEST LAUREL WATER ASSOCIATION

ALLOCATION OF EXPENSES

Expenses		Commodity	Demand	Customer
Purchased Water	\$ 841,179	841,179		
Purchased Power	8,159	8,159		
Materials and Supplies	175,713		11,539	164,174
Management Fees	297,205		258,023	39,182
Bad Debt Expense	7,341			7,341
Engineering	910		910	
Insurance	10,395		10,395	
Subtotal	\$ 1,340,902	\$ 849,338	\$ 280,867	\$ 210,697
Percentage - Less Commodity			0.5714	0.4286
Administrative and General				
Materials and Supplies	5,565		3,180	2,385
Contractual Services - Legal	400		229	171
Contractual Services - Acct.	11,150		6,371	4,779
Management Fees	104,361		59,629	44,732
Taxes other than Income	2,331		1,332	999
Commissioner's Fees	13,500		7,714	5,786
Depreciation	140,292		114,015	26,277
Miscellaneous	855		489	366
Total Operating and Maintenance	\$ 1,619,356	\$ 849,338	\$ 473,825	\$ 296,193
Debt				
Interest	144,973		121,110	23,863
Principal	68,104		56,894	11,210
Coverage	42,615		35,601	7,014
Total Expenses	\$ 1,875,048	\$ 849,338	\$ 687,430	\$ 338,280
Less Other Income	(81,501)			(81,501)
Revenue Required from Rates	\$ 1,793,547	\$ 849,338	\$ 687,430	\$ 256,779

WEST LAUREL WATER ASSOCIATION

ALLOCATION OF EXPENSES TO WHOLESAL

	Total	Transmission and Distribution	Power and Chemicals	Customer
Operating and Maintenance	\$ 1,479,064	\$ 359,809	\$ 849,338	\$ 269,917
Depreciation	\$ 140,292	\$ 114,015		\$ 26,277
Debt Expense	255,692	213,605		42,087
Total Expense	1,875,048	687,430	849,338	338,280
Other Revenue	(81,501)			(81,501)
Total Revenue Requirement	\$ 1,793,547	\$ 687,430	\$ 849,338	\$ 256,779
Wholesale Allocation Factors		0.0152	0.0296	0
Allocated to Wholesale	\$ 30,610	\$ 5,469	\$ 25,140	\$ -
Amount to Retail	\$ 1,762,937	\$ 681,961	\$ 824,198	\$ 256,779
Wholesale Rate	Gallons			
Cumberland Falls Hwy. WD	9,046,000			
Total Expenses / Sales	\$ 3.38			
9,046,000 * \$3.38	\$ 30,610			

The current wholesale rate is \$1.78. In order to minimize the increase to the wholesale customer, West Laurel had not allocated depreciation and debt to Cumberland Falls Hwy. WD in this filing. If debt and depreciation were allocated to the wholesale customer the rate would be \$3.93 per 1,000 gallons. We believe it would be unfair to the customers of Cumberland Falls Hwy. WD to increase the wholesale rate by this amount in one filing. We wish to reserve the right to allocate these expenses in future filings before the Commission.

WEST LAUREL WATER ASSOIIATION

ALLOCATION OF COSTS TO RETAIL CUSTOMERS

	Total	1,000	2,000	2,000	5,000	10,000
Actual Usage	253,443.1	49,884.0	78,758.0	48,455.2	41,345.2	35,000.7
Percentage		0.1968	0.3108	0.1912	0.1631	0.1381
		2.00	1.85	1.65	1.35	1.00
Weighted Sales	416,238.1	99,768.0	145,702.3	79,951.1	55,816.0	35,000.7
Percentage		0.2397	0.3500	0.1921	0.1341	0.0841
Commodity	\$ 824,198	\$ 162,223	\$ 256,121	\$ 157,576	\$ 134,455	\$ 113,822
Demand	681,961	163,459	238,717	130,991	91,448	57,345
Subtotal	\$ 1,506,158	\$ 325,682	\$ 494,838	\$ 288,568	\$ 225,903	\$ 171,167
Customer Chg. (54,197 bills)	256,779	\$ 256,779				
Total Expenses	1,762,937	\$ 582,461	\$ 494,838	\$ 288,568	\$ 225,903	\$ 171,167
Rate per 1,000		\$ 10.75	\$ 6.28	\$ 5.96	\$ 5.46	\$ 4.89
Total	\$ 1,762,937					
Cost Based Rates		\$ 10.75	\$ 6.28	\$ 5.96	\$ 5.46	\$ 4.89
Current Rates		8.29	3.99	3.69	3.12	2.44
% Increase		30%	57%	61%	75%	100%
Requested Rates		10.90	6.22	5.92	5.35	4.33
% Increase		31%	56%	60%	71%	77%

Note: Cost based rates produce excessive revenue due to several of the large users not using the minimum usage for their meter size.

West Laurel requests the requested rates above be implemented in order to minimize the large increase to customers who use over 10,000. We propose to gradually implement cost based rates.

WEST LAUREL WATER ASSOCIATION

BILLING ANALYSIS FOR YEAR ENDING DEC. 2003

5/8 INCH CONNECTIONS

PROPOSED RATES AND REVENUE

USAGE TABLE

	Bills	Gallons	1,000	1,000	1,000	2,000	5,000	10,000
First 1,000	8,764	2,007.6	2,007.6					
Next 1,000	5,697	9,003.8	5,697.0	3,306.8				
Next 1,000	7,609	19,546.2	7,609.0	7,609.0	4,328.2			
Next 2,000	14,957	59,726.2	14,957.0	14,957.0	14,957.0	14,855.2		
Next 5,000	13,392	91,118.7	13,392.0	13,392.0	13,392.0	26,784.0	24,158.7	
Over 10,000	3,408	58,900.6	3,408.0	3,408.0	3,408.0	6,816.0	17,040.0	24,820.6
Total	53,827	240,303.1	47,070.6	42,672.8	36,085.2	48,455.2	41,198.7	24,820.6

REVENUE TABLE

	Bills	Gallons	Rate	Revenue	Current	%
First 1,000	53,827	47,070.6	\$ 10.90	\$ 586,714.30	8.29	0.31
Next 2,000		78,758.0	6.22	489,874.76	3.99	0.56
Next 2,000		48,455.2	5.92	286,854.78	3.69	0.60
Next 5,000		41,198.7	5.35	220,413.05	3.12	0.71
Over 10,000		24,820.6	4.33	107,473.20	2.44	0.77
Total 5/8 inch		240,303.1		\$ 1,691,330		
1 Inch				8,071		
2 Inch				57,400		
3 Inch				6,532		
Wholesale				30,610		
Other income				81,501		
Total income				\$ 1,875,445		

WEST LAUREL WATER ASSOCIATION

BILLING ANALYSIS FOR YEAR ENDING DEC. 2003

1 INCH CONNECTIONS

PROPOSED RATES AND REVENUE

USAGE TABLE

	Bills	Gallons	5,000	5,000	10,000
First 5,000	112	267.1	267.1		
Next 5,000	33	216.5	165.0	51.5	
Over 10,000	19	540.6	95.0	95.0	350.6
Total	164	1,024.2	527.1	146.5	350.6

REVENUE TABLE

	Bills	Gallons	Rate	Revenue
First 5,000	164	527.1	\$ 35.18	\$ 5,770
Next 5,000		146.5	5.35	784
Over 10,000		350.6	4.33	1,518
Total		1,024.2		\$ 8,071

WEST LAUREL WATER ASSOCIATION

BILLING ANALYSIS FOR YEAR ENDING DEC. 2003

2 INCH CONNECTIONS

PROPOSED RATES AND REVENUE

USAGE TABLE

	Bills	Gallons	20,000	20,000
First 20,000	81	526.3	526.3	
Over 20,000	88	10,909.3	1,760.0	9,149.3
Total	169	11,435.6	2,286.3	9,149.3

REVENUE TABLE

	Bills	Gallons	Rate	Revenue
First 20,000	169	2,286.3	\$ 105.23	\$ 17,784
Over 20,000		9,149.3	4.33	39,616
Total		11,435.6		\$ 57,400

WEST LAUREL WATER ASSOCIATION

BILLING ANALYSIS FOR YEAR ENDING DEC. 2003

3 INCH CONNECTIONS

PROPOSED RATES AND REVENUE

USAGE TABLE

	Bills	Gallons	30,000	30,000
First 30,000	31	260.8	260.8	
Over 30,000	6	419.4	180.0	239.4
Total	37	680.2	440.8	239.4

REVENUE TABLE

	Bills	Gallons	Rate	Revenue
First 30,000	37	440.8	\$ 148.53	\$ 5,496
Over 30,000		239.4	4.33	1,037
Total		680.2		\$ 6,532

1

CLASS A & B

WATER DISTRICTS & ASSOCIATIONS

ANNUAL REPORT

OF

WEST LAUREL WATER ASSOCIATION, INC.

1670 DANIEL BOONE PARKWAY, EAST, LONDON, KENTUCKY 40741

TO THE

PUBLIC SERVICE COMMISSION

OF THE

COMMONWEALTH OF KENTUCKY

211 SOWER BOULEVARD
P.O. BOX 615
FRANKFORT, KENTUCKY 40602

FOR THE YEAR ENDED DECEMBER 31, 2003

Water Districts/Associations - Class A & B

Annual Report

Of

WEST LAUREL WATER ASSOCIATION, INC.

Exact Legal Name of Reporting Utility

1670 DANIEL BOONE PARKWAY, EAST

LONDON, KY 40741

(Address of Utility)

TO THE
PUBLIC SERVICE COMMISSION
OF THE
COMMONWEALTH OF KENTUCKY

FOR THE CALENDAR YEAR ENDED DECEMBER 31, 20 03

CHECKLIST FOR THE ANNUAL REPORT
 FOR CLASS A AND B WATER DISTRICTS AND WATER ASSOCIATIONS
 TO BE COMPLETED AND RETURNED WITH THE ANNUAL REPORT

Page No.	Account No.	Page No.	Yes	No	If No, Explain Why
4-6	The identification pages have been completed		X		
7	101-106 agrees with	13 Total 101-106	X		
7	108-110 agrees with	15 Total 301-348 Cols c & h	X		
7	114-115 agrees with	16 Net Balance 114-115	X		
7	123 agrees with	17 Total 123	X		
7	124-125 agrees with	17 Total 124 and Total 125	X		
7	126 agrees with	17 Total 126	X		
7	127 agrees with	17 Total 127	X		
7	141-144 agrees with	18 Net Balance 141-144	X		
7	151-153 agrees with	19 Total 151-153	X		
7	162 agrees with	19 Total 162	X		
8	181 agrees with	20 Total 181	X		
8	182 agrees with	21 Total 182	X		
8	186 agrees with	20 Total 186	X		
9	214 agrees with	12 Total 214	X		
9	215.1 agrees with	12 Total 215.1	X		
9	215.2 agrees with	12 Total 215.2	X		
9	221 agrees with	23 Total Col 4	X		
9	221 agrees with	23 Total Col 12	X		
9	224 agrees with	22 Total Col F	X		
9	232 agrees with	24 Total 232	X		

CHECKLIST FOR THE ANNUAL REPORT
FOR CLASS A AND B WATER DISTRICTS AND WATER ASSOCIATIONS
TO BE COMPLETED AND RETURNED WITH THE ANNUAL REPORT

Page No.	Account No.	Page No.	Yes	No	If No, Explain Why
9	233	24	<input checked="" type="checkbox"/>		
					Total 233
9	234	24	<input checked="" type="checkbox"/>		
					Total 234
9	236	25	<input checked="" type="checkbox"/>		
					Beginning and Ending Balance 236
9	237	25	<input checked="" type="checkbox"/>		
					Total 237 Cols b & e
9	242	26	<input checked="" type="checkbox"/>		
					Total 242
9	251	20	<input checked="" type="checkbox"/>		
					Total 251
9	252	21	<input checked="" type="checkbox"/>		
					Beginning and Ending Balance 252
10	400	27	<input checked="" type="checkbox"/>		
					Total Water Operating Revenue Col e
10	401	28	<input checked="" type="checkbox"/>		
					Total 601-675, Col c
10	408.1 & 408.2	25		<input checked="" type="checkbox"/>	
					Total Taxes Accrued 408.10-408.20
11	427	25	<input checked="" type="checkbox"/>		
					Total Interest Accrued Col c
11	Net Income Before Contributions		<input checked="" type="checkbox"/>		
		12			Balance Trans From Inc Col c
13	101	14	<input checked="" type="checkbox"/>		
					Total Water Plant Col f
14	The analysis of water utility plant accounts Cols c through k has been completed		<input checked="" type="checkbox"/>		
15	The analysis of accumulated depreciation and amortization by primary account has been completed.		<input checked="" type="checkbox"/>		
20	186.1	26	<input checked="" type="checkbox"/>		
					Total 186.1 Col c
22	Schedule of Long-Term Debt has been completed		<input checked="" type="checkbox"/>		
23	Schedule of Bond Maturities has been completed		<input checked="" type="checkbox"/>		
27	Taxes collected (example: school tax, sales tax, franchise tax) have been excluded from Revenue and Expenses		<input checked="" type="checkbox"/>		
27	The analysis of water operating revenue Cols c, d, and e has been completed.		<input checked="" type="checkbox"/>		

Difference of \$38,807 is a result of payroll, sales tax & school tax collected being offset against payroll tax, sales tax & school tax accrued

CHECKLIST FOR THE ANNUAL REPORT
 FOR CLASS A AND B WATER DISTRICTS AND WATER ASSOCIATIONS
 TO BE COMPLETED AND RETURNED WITH THE ANNUAL REPORT

Page No.	Account No.	Page No.	Yes	No	If No, Explain Why
28	The analysis of water utility expense Cols c through k has been completed.		X		
29	Schedule of Pumping and Purchased Water Statistics has been completed.		X		
29	Total Col (d) agrees with 30 Line 4, Total Produced and Purchased		X		
29	Total Col (e) agrees with 30 Line 13, Total Water Sales		X		
30	466 Total Gals agrees with 30 Line 11, Sales For Resale (466)		X		
Oath page has been completed.					
			X		

PUBLIC SERVICE COMMISSION OF KENTUCKY
PRINCIPAL PAYMENT AND INTEREST INFORMATION
FOR THE YEAR ENDING DECEMBER 31, 2003

1. Amount of Principal Payment during calendar year \$49,266
2. Is Principal Current? (Yes) X (No) _____
3. Is Interest Current? (Yes) X (No) _____
4. Has all long-term debt been approved by the Public Service Commission?
(Yes) X (No) _____ PSC Case No. _____

SERVICES PERFORMED BY
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT ("CPA")

Are your financial statements examined by a Certified Public Accountant?

Yes X No _____

If yes, which service is performed?

Audit X

Compilation _____

Review _____

Please enclose a copy of the accountant's report with the annual report

Additional Requested Information

Utility Name WEST LAUREL WATER ASSOCIATION, INC.

Contact Person EULA DALTON

Contact Person's E-Mail Address _____

Utility's Web Address _____

Please complete the above information, if it is available.

If there are multiple staff who may be contacts please include their names and e-mail addresses also.

PAUL NAPIER, SUPT.
E-MAIL pnapier@gte.net

DONTA EVANS, SUPT.

Additional Information Required By Commission Orders

Provide any special information required by prior Commission orders, as well as any narrative explanations necessary to fully explain the data. Examples of the types of special information that may be required by Commission orders include surcharge amounts collected, refunds issued, and unusual debt repayments.

Case #	Date Of Order	Item/Explanation

Attach additional sheets if more room is required

MAJOR WATER PROJECTS

Instructions: Provide details about each major water project which is planned but has not yet been submitted for approval to the Public Service Commission. For the limited purpose of this report, a "Major Project" is defined as one which is not in the ordinary course of business, and which will increase your current utility plant by at least 20%.

Brief Project Description (improvement, replacement, building construction, expansion. If expansion, provide the estimated number of new customers):

NONE

Projected Costs and Funding Sources/Amounts:

Approval Status: (Application for financial assistance filed, but not approved; or application approved, but have not advertised for construction bids)

Location: (community, area or nearby roads)

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HISTORY

1. Exact name of utility making this report. (Use the words "The", "Company" or "Incorporated" only when a part of the corporate name.) _____
West Laurel Water Association, Inc.

2. Give the location, street and number, and TELEPHONE NUMBER of the principal office in Kentucky. _____
1670 Daniel Boone Parkway, East
London, Kentucky 40741
Telephone Number: (606) 878-9420

3. Give name, title, address and TELEPHONE NUMBER of the officer to whom correspondence concerning this report should be addressed. _____
Otis Williams, President
1670 Daniel Boone Parkway, East
London, Kentucky 40741
Telephone Number: (606) 878-9420

4. Date of organization. February 25, 1970

5. If a consolidated or merged entity, name all previously separate entities.
N/A

6. Date for each consolidation and each merger. N/A

7. State whether respondent is a water district or association. _____

Corporation

8. Name all operating departments other than water. N/A _____

9. Name of counties in which you furnish water service. Laurel _____

REPORT OF
 West Laurel Water Association, Inc.
 London, Kentucky

For Year Ended December, 31 2003

Location of books and records: 1670 Daniel Boone Parkway, East
London, Kentucky 40741

Contacts

Name	Title	Address	Salary Charged Utility
Send Correspondence To: Otis Williams	President	1670 Daniel Boone Pkwy, East London, KY 40741	\$ xxxxxxxxxxxx
Report Prepared by: Cloyd & Associates, PSC	Accountants	1700 Forest Drive Corbin, KY 40701	\$ xxxxxxxxxxxx

Officers and Managers

Name	Title	Home Address	Salary Charged Utility	Current Term Expires
Otis Williams	Chairperson	1670 Daniel Boone Pkwy, East London, KY 40741	\$ 4,500	01 / / 07
Shively Pope	Treasurer	1670 Daniel Boone Pkwy, East London, KY 40741	\$ 4,500	01 / / 05
Shively Pope	Secretary	1670 Daniel Boone Pkwy, East London, KY 40741	\$	/ /
	Commissioner		\$	/ /
	Commissioner		\$	/ /
	Commissioner		\$	/ /
	Commissioner		\$	/ /
	Commissioner		\$	/ /
	Commissioner		\$	/ /
	General Manager		\$	
	Office Manager		\$	
			\$	
			\$	
			\$	
			\$	
			\$	
			\$	
			\$	
			\$	
			\$	
			\$	

COMPARATIVE BALANCE SHEET - ASSETS AND OTHER DEBITS

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	PREVIOUS YEAR (d)	CURRENT YEAR (e)
	UTILITY PLANT			
101-106	Utility Plant.....	13	\$ 5,397,562	\$ 7,426,109
108-110	Less: Accumulated Depreciation And Amortization.....	13,15-16	\$ 1,916,816	\$ 2,057,108
	Net Plant.....		\$ 3,480,746	\$ 5,369,001
114-115	Utility Plant Acquisition Adjustments (Net)	16	\$ _____	\$ _____
116	Other Utility Plant Adjustments.....		\$ _____	\$ _____
	Total Net Utility Plant.....		\$ 3,480,746	\$ 5,369,001
	OTHER PROPERTY AND INVESTMENTS			
121	Nonutility Property.....		\$ _____	\$ _____
122	Less: Accumulated Depreciation And Amortization.....		\$ _____	\$ _____
	Net Nonutility Property.....		\$ _____	\$ _____
123	Investment in Associated Companies...	17	\$ _____	\$ _____
124-125	Utility and Other Investments.....	17	\$ _____	\$ _____
126	Sinking Funds.....	17	\$ _____	\$ _____
127	Other Special Funds.....	17	\$ _____	\$ _____
	Total Other Property & Investments...		\$ _____	\$ _____
	CURRENT AND ACCRUED ASSETS			
131	Cash.....		\$ 261,140	\$ 221,144
132	Special Deposits.....		\$ _____	\$ _____
133	Other Special Deposits.....		\$ _____	\$ _____
134	Working Funds.....		\$ _____	\$ _____
135	Temporary Cash Investments.....		\$ 725,745	\$ 732,764
141-144	Accounts and Notes Receivable, Less Accumulated Provision for Uncollectible Accounts.....	18	\$ 128,169	\$ 103,391
145	Accounts Receivable From Associated Companies.....		\$ 74,709	\$ 7,315
146	Notes Receivable From Associated Companies.....		\$ _____	\$ _____
151-153	Materials and Supplies.....	19	\$ _____	\$ _____
161	Stores Expense.....		\$ _____	\$ _____
162	Prepayments.....	19	\$ 2,121	\$ 2,121
171	Accrued Interest and Dividends Receivable.....		\$ 1,781	\$ 1,415
172	Rents Receivable.....		\$ _____	\$ _____
173	Accrued Utility Revenues.....		\$ _____	\$ _____
174	Misc. Current and Accrued Assets.....		\$ 20	\$ 20
	Total Current and Accrued Assets		\$ 1,143,685	\$ 1,068,170

COMPARATIVE BALANCE SHEET - ASSETS AND OTHER DEBITS (CONT'D)

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	PREVIOUS YEAR (d)	CURRENT YEAR (e)
	DEFERRED DEBITS			
181	Unamortized Debt Discount & Expense..	20	\$ _____	\$ _____
182	Extraordinary Property Losses.....	21	\$ _____	\$ _____
183	Preliminary Survey & Investigation Charges.....		\$ _____	\$ _____
184	Clearing Accounts.....		\$ _____	\$ _____
185	Temporary Facilities.....		\$ _____	\$ _____
186	Misc. Deferred Debits.....	20	\$ _____	\$ _____
187	Research & Development Expenditures..		\$ _____	\$ _____
	Total Deferred Debits.....		\$ _____	\$ _____
	TOTAL ASSETS AND OTHER DEBITS.....		\$ <u>4,624,431</u>	\$ <u>6,437,171</u>

NOTES TO THE BALANCE SHEET

The space below is provided for important notes regarding the balance sheet

COMPARATIVE BALANCE SHEET - EQUITY CAPITAL AND LIABILITIES

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	PREVIOUS YEAR (d)	CURRENT YEAR (e)
EQUITY CAPITAL				
214	Appropriated Retained Earnings.....	12	\$ _____	\$ _____
215.1	Retained Earnings From Income			
	Before Contributions.....	12	\$ <u>371,098</u>	\$ <u>227,773</u>
215.2	Donated Capital.....	12	\$ <u>2,158,810</u>	\$ <u>2,812,437</u>
	Total Equity Capital.....		\$ <u>2,529,908</u>	\$ <u>3,040,210</u>
LONG-TERM DEBT				
221	Bonds.....	23	\$ _____	\$ _____
222	Reacquired Bonds.....		\$ _____	\$ _____
223	Advances From Associated Companies...		\$ _____	\$ _____
224	Other Long-Term Debt.....	22	\$ <u>1,915,085</u>	\$ <u>2,984,971</u>
	Total Long-Term Debt.....		\$ <u>1,915,085</u>	\$ <u>2,984,971</u>
CURRENT AND ACCRUED LIABILITIES				
231	Accounts Payable.....		\$ <u>434</u>	\$ <u>187,095</u>
232	Notes Payable.....	24	\$ _____	\$ _____
233	Accounts Payable To Associated Co. . .	24	\$ <u>91,129</u>	\$ <u>106,798</u>
234	Notes Payable To Associated Co.	24	\$ _____	\$ _____
235	Customer Deposits.....		\$ <u>5,459</u>	\$ <u>6,409</u>
236	Accrued Taxes.....	25	\$ <u>2,800</u>	\$ <u>2,598</u>
237	Accrued Interest.....	25	\$ <u>33,175</u>	\$ <u>60,304</u>
239	Matured Long-Term Debt.....		\$ _____	\$ _____
240	Matured Interest.....		\$ _____	\$ _____
241	Tax Collections Payable.....		\$ _____	\$ _____
242	Misc. Current & Accrued Liabilities..	26	\$ <u>46,438</u>	\$ <u>48,786</u>
	Total Current and Accrued Liabilities.....		\$ <u>179,435</u>	\$ <u>411,990</u>
DEFERRED CREDITS				
251	Unamortized Premium on Debt.....	20	\$ _____	\$ _____
252	Advances For Construction.....	21	\$ _____	\$ _____
253	Other Deferred Credits.....		\$ _____	\$ _____
	Total Deferred Credits.....		\$ _____	\$ _____
OPERATING RESERVES				
261	Property Insurance Reserve.....		\$ _____	\$ _____
262	Injuries and Damages Reserve.....		\$ _____	\$ _____
263	Pension and Benefits Reserve.....		\$ _____	\$ _____
265	Miscellaneous Operating Reserves.....		\$ _____	\$ _____
	Total Operating Reserves.....		\$ _____	\$ _____
	TOTAL EQUITY CAPITAL AND LIABILITIES.		\$ <u>4,624,431</u>	\$ <u>6,437,171</u>

COMPARATIVE OPERATING STATEMENT

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	PREVIOUS YEAR (d)	CURRENT YEAR (e)
	UTILITY OPERATING INCOME			
400	Operating Revenues.....	27	\$ <u>1,220,849</u>	\$ <u>1,208,494</u>
401	Operating Expenses.....	28	\$ <u>1,007,444</u>	\$ <u>1,081,625</u>
403	Depreciation Expenses.....		\$ <u>109,142</u>	\$ <u>140,292</u>
406	Amortization of Utility Plant Acquisition Adjustment.....		\$ _____	\$ _____
407	Amortization Expense.....		\$ _____	\$ _____
408.10- 408.13	Taxes Other Than Income.....		\$ <u>818</u>	\$ <u>2,331</u>
	Utility Operating Expenses.....		\$ <u>1,117,404</u>	\$ <u>1,224,248</u>
	Utility Operating Income.....		\$ <u>103,445</u>	\$ <u>(15,754)</u>
413	Income From Utility Plant Leased To Others.....		\$ _____	\$ _____
414	Gains (Losses) From Disposition Of Utility Property.....		\$ _____	\$ _____
	Total Utility Operating Income.....		\$ <u>103,445</u>	\$ <u>(15,754)</u>
	OTHER INCOME AND DEDUCTIONS			
415	Revenues From Merchandising, Jobbing And Contract Work.....		\$ _____	\$ _____
416	Costs and Expenses of Merchandising, Jobbing and Contract Work.....		\$ _____	\$ _____
419	Interest and Dividend Income.....		\$ <u>22,314</u>	\$ <u>14,744</u>
420	Allowance for Funds Used During Construction.....		\$ _____	\$ _____
421	Nonutility Income.....		\$ _____	\$ _____
426	Miscellaneous Nonutility Expenses....		\$ _____	\$ _____
	Total Other Income and Deductions....		\$ <u>22,314</u>	\$ <u>14,744</u>
	TAXES APPLICABLE TO OTHER INCOME			
408.20	Taxes Other Than Income.....		\$ _____	\$ _____
	Total Taxes Applicable To Other Income.....		\$ _____	\$ _____

COMPARATIVE OPERATING STATEMENT (CONT'D)

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	PREVIOUS YEAR (d)	CURRENT YEAR (e)
	INTEREST EXPENSE			
427	Interest Expense.....		\$ <u>86,266</u>	\$ <u>142,315</u>
428	Amortization of Debt Discount & Exp..		\$ _____	\$ _____
429	Amortization of Premium on Debt.....		\$ _____	\$ _____
	Total Interest Expense.....		\$ <u>86,266</u>	\$ <u>142,315</u>
	EXTRAORDINARY ITEMS			
433	Extraordinary Income.....		\$ _____	\$ _____
434	Extraordinary Deductions.....		\$ _____	\$ _____
	Total Extraordinary Items.....		\$ _____	\$ _____
435	NET INCOME BEFORE CONTRIBUTIONS.....		\$ <u>39,493</u>	\$ <u>(143,325)</u>

STATEMENT OF RETAINED EARNINGS

ACCT. NO. (a)	(b)	AMOUNT (c)
214	Appropriated Retained Earnings (state balance and purpose of each appropriated amount at year end):	
	_____	\$ _____
	_____	\$ _____
	_____	\$ _____
	Total Appropriated Retained Earnings.....	\$ <u>0</u>

215.1	Retained Earnings From Income Before Contributions:	
	Balance Beginning of Year.....	\$ <u>371,098</u>
435	Balance Transferred from Net Income Before Contributions...	\$ <u>(143,325)</u>
	Other Changes to Account:	
436	Appropriations of Retained Earnings.....	\$ _____
439	Adjustments to Retained Earnings (requires Commission approval prior to use):	
	Credits (explain) _____	\$ _____
	Debits (explain) _____	\$ _____
	Balance End of Year.....	\$ <u>227,773</u>

215.2	Donated Capital:									
		<table style="margin-left: auto; margin-right: auto; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Tapping Fees</th> <th style="text-align: center;">Grants</th> <th style="text-align: center;">Other</th> <th style="text-align: center;">Total</th> </tr> </thead> <tbody> <tr> <td style="text-align: right;">1,128,082</td> <td style="text-align: right;">265,000</td> <td style="text-align: right;">765,728</td> <td style="text-align: right;">2,158,810</td> </tr> </tbody> </table>	Tapping Fees	Grants	Other	Total	1,128,082	265,000	765,728	2,158,810
Tapping Fees	Grants	Other	Total							
1,128,082	265,000	765,728	2,158,810							
	Balance Beginning of Year.....									
	Credits:									
432	Proceeds from capital contributions.....	<table style="margin-left: auto; margin-right: auto; border-collapse: collapse;"> <tbody> <tr> <td style="text-align: right;"><u>62,573</u></td> <td style="text-align: right;"><u>319,650</u></td> <td style="text-align: right;"><u>271,404</u></td> <td style="text-align: right;"><u>653,627</u></td> </tr> </tbody> </table>	<u>62,573</u>	<u>319,650</u>	<u>271,404</u>	<u>653,627</u>				
<u>62,573</u>	<u>319,650</u>	<u>271,404</u>	<u>653,627</u>							
	Other Credits (explain)									

	Debits: (explain - Requires Commission Approval)									
	_____	<table style="margin-left: auto; margin-right: auto; border-collapse: collapse;"> <tbody> <tr> <td style="text-align: right;"><u>1,190,655</u></td> <td style="text-align: right;"><u>584,650</u></td> <td style="text-align: right;"><u>1,037,132</u></td> <td style="text-align: right;"><u>2,812,437</u></td> </tr> </tbody> </table>	<u>1,190,655</u>	<u>584,650</u>	<u>1,037,132</u>	<u>2,812,437</u>				
<u>1,190,655</u>	<u>584,650</u>	<u>1,037,132</u>	<u>2,812,437</u>							
	Balance End of Year.....									

UTILITY PLANT (ACCTS. 101 - 106)

ACCT. NO.	PLANT ACCOUNTS	TOTAL
101	Utility Plant In Service.....	\$ <u>7,426,109</u>
102	Utility Plant Leased To Others.....	\$ _____
103	Property Held For Future Use.....	\$ _____
104	Utility Plant Purchased or Sold.....	\$ _____
105	Construction Work In Progress.....	\$ _____
106	Completed Construction Not Classified.....	\$ _____
	Total Utility Plant.....	\$ <u>7,426,109</u>

ACCUMULATED DEPRECIATION (ACCT. 108)

DESCRIPTION	TOTAL
Balance First of Year.....	\$ <u>1,916,816</u>
Credits During Year:	
Accruals Charged To Account 108.1.....	\$ <u>140,292</u>
Accruals Charged To Account 108.2.....	\$ _____
Accruals Charged To Account 108.3.....	\$ _____
Accruals Charged To Other Accounts (specify)	\$ _____
_____	\$ _____
_____	\$ _____
Salvage Value Recovered On Plant Retired.....	\$ _____
Other Credits (specify)	\$ _____
_____	\$ _____
_____	\$ _____
Total Credits.....	\$ <u>140,292</u>
Debits During Year:	
Book Cost of Plant Retired.....	\$ _____
Cost Of Removal.....	\$ _____
Other Debits (specify)	\$ _____
_____	\$ _____
_____	\$ _____
Total Debits.....	\$ _____
Balance End Of Year.....	\$ <u>2,057,108</u>

WATER UTILITY PLANT ACCOUNTS

ACCT NO (a)	ACCOUNT NAME (b)	END OF PREVIOUS YEAR (c)	ADDITIONS (d)	RETIREMENTS (e)	END OF CURRENT YEAR (f)	INTANGIBLE PLANT (g)	SOURCE OF SUPPLY & PUMPING PLANT (h)	WATER TREATMENT PLANT (i)	TRANS & DISTRIB PLANT (j)	GENERAL PLANT (k)
301	Organization.....	\$ 7,677			\$ 7,677	\$ 7,677	\$XXXXXXXXX	\$XXXXXXXXX	\$XXXXXXXXX	\$XXXXXXXXX
302	Franchises.....	10,926	25,001		35,927	XXXXXXXXX	XXXXXXXXX	XXXXXXXXX	35,417	XXXXXXXXX
303	Land and Land Rights.....	7,219			7,219	XXXXXXXXX	510	XXXXXXXXX		XXXXXXXXX
304	Structures & Improvements....						7,219			
305	Collecting and Impounding Reservoirs.....									
306	Lake, Raver & Other Intakes..									
307	Wells and Springs.....									
308	Infiltration Galleries and Tunnels.....									
309	Supply Mains.....									
310	Power Generation Equipment...									
311	Pumping Equipment.....	28,716			28,716	XXXXXXXXX	28,716	XXXXXXXXX	XXXXXXXXX	XXXXXXXXX
320	Water Treatment Equipment.....									
330	Distribution Reservoirs and Standpipes.....	279,228	929,391		1,208,619	XXXXXXXXX	XXXXXXXXX	XXXXXXXXX	1,208,619	XXXXXXXXX
331	Transmission and Distribution Mains.....	3,393,748	1,514,464		4,908,212	XXXXXXXXX	XXXXXXXXX	XXXXXXXXX	4,908,212	XXXXXXXXX
333	Services.....	532,228	32,428		564,656	XXXXXXXXX	XXXXXXXXX	XXXXXXXXX	564,656	XXXXXXXXX
334	Meters & Meter Installations..	589,357	24,812		614,169	XXXXXXXXX	XXXXXXXXX	XXXXXXXXX	614,169	XXXXXXXXX
335	Hydrants.....	33,882	6,996		40,878	XXXXXXXXX	XXXXXXXXX	XXXXXXXXX	40,878	XXXXXXXXX
336	Backflow Prevention Devices..									
339	Other Plant and Miscellaneous Equipment.....									XXXXXXXXX
340	Office Furniture and Equip....									
341	Transportation Equipment.....									
342	Stores Equipment.....									
343	Tools, Shop and Garage Equip..									
344	Laboratory Equipment.....									
345	Power Operated Equipment.....									
346	Communication Equipment.....	363	9,673		10,036	XXXXXXXXX	XXXXXXXXX	XXXXXXXXX	XXXXXXXXX	10,036
347	Miscellaneous Equipment.....									
348	Other Tangible Plant.....									
	Total Water Plant.....	4,883,344	2,542,765		7,426,109	7,677	36,445	0	7,371,951	10,036

ANALYSIS OF ACCUMULATED DEPRECIATION AND AMORTIZATION BY PRIMARY ACCOUNT

ACCT. NO. (a)	ACCOUNT (b)	BALANCE BEGINNING OF YEAR (c)	CHARGES DURING THE YEAR			BALANCE END OF YEAR (h)
			CHARGES TO DEP. EXP. (d)	OTHER CREDITS (e)	PLANT RETIREMENTS (f)	
301	Organization.....	\$ 5,759	\$ 192	\$	\$	\$ 5,951
302	Franchises.....	\$	\$	\$	\$	\$
303	Land and Land Rights.....	\$	\$	\$	\$	\$
304	Structures & Improvements...	\$ 4,324	\$ 145	\$	\$	\$ 4,469
305	Collecting & Impounding	\$	\$	\$	\$	\$
	Reservoirs.....	\$	\$	\$	\$	\$
306	Lake, River & Other Intakes.	\$	\$	\$	\$	\$
307	Wells and Springs.....	\$	\$	\$	\$	\$
308	Infiltration Galleries and Tunnels.....	\$	\$	\$	\$	\$
309	Supply Mains.....	\$	\$	\$	\$	\$
310	Power Generation Equipment..	\$	\$	\$	\$	\$
311	Pumping Equipment.....	\$ 20,017	\$ 805	\$	\$	\$ 20,822
320	Water Treatment Equipment...	\$	\$	\$	\$	\$
330	Distribution Reservoirs and Standpipes.....	\$	\$	\$	\$	\$
331	Transmission & Distribution Mains.....	\$ 127,937	\$ 14,878	\$	\$	\$ 142,815
333	Services.....	\$ 1,096,705	\$ 83,017	\$	\$	\$ 1,179,722
334	Meters and Meter Installations.....	\$ 298,778	\$ 19,861	\$	\$	\$ 318,639
335	Hydrants.....	\$ 346,127	\$ 19,616	\$	\$	\$ 365,743
336	Backflow Prevention Devices.	\$ 16,806	\$ 1,456	\$	\$	\$ 18,262
339	Other Plant & Miscellaneous Equipment.....	\$	\$	\$	\$	\$
340	Office Furniture & Equip....	\$	\$	\$	\$	\$
341	Transportation Equipment....	\$	\$	\$	\$	\$
342	Stores Equipment.....	\$	\$	\$	\$	\$
343	Tools, Shop & Garage Equip..	\$	\$	\$	\$	\$
344	Laboratory Equipment.....	\$	\$	\$	\$	\$
345	Power Operated Equipment....	\$	\$	\$	\$	\$
346	Communication Equipment.....	\$	\$	\$	\$	\$
347	Miscellaneous Equipment.....	\$	\$	\$	\$	\$
348	Other Tangible Plant.....	\$ 363	\$ 322	\$	\$	\$ 685
	TOTALS	\$ 1,916,816	\$ 140,292	\$	\$	\$ 2,057,108

ACCUMULATED AMORTIZATION (ACCT. 110) N/A

DESCRIPTION	TOTAL
Balance First of Year.....	\$ _____
Credit During Year:	
Accruals Charged To Account 110.1.....	\$ _____
Accruals Charged To Account 110.2.....	\$ _____
Other Credits (specify)	\$ _____
_____	\$ _____
_____	\$ _____
Total Credits.....	\$ _____
Debits During Year:	
Book Cost of Plant Retired.....	\$ _____
Other Debits (specify)	\$ _____
_____	\$ _____
_____	\$ _____
Total Debits.....	\$ _____
Balance End Of Year.....	\$ _____

UTILITY PLANT ACQUISITION ADJUSTMENTS (ACCTS. 114 - 115) N/A

Report each acquisition adjustment and related accumulated amortization separately.
For any acquisition adjustment approved by the Commission, include the Order Number.

ACCOUNT NAME	TOTAL
Acquisition Adjustments (114)	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
Total Plant Acquisition Adjustments.....	\$ _____
Accumulated Amortization (115)	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
Total Accumulated Amortization.....	\$ _____
Net Acquisition Adjustments.....	\$ _____

INVESTMENTS AND SPECIAL FUNDS (ACCTS. 123- 127) N/A

Report hereunder all investments and special funds carried in Accounts 123 through 127.

DESCRIPTION OF SECURITY OR SPECIAL FUND (a)	FACE OR PAR VALUE (b)	YEAR END BOOK COST (c)
INVESTMENT IN ASSOCIATED COMPANIES (ACCT. 123) _____ .. \$ _____ _____ .. \$ _____ Total Investment in Associated Companies..... \$ _____		
UTILITY INVESTMENTS (ACCT. 124) _____ .. \$ _____ _____ .. \$ _____ Total Utility Investments..... \$ _____		
OTHER INVESTMENTS (ACCT. 125) _____ .. \$ _____ _____ .. \$ _____ Total Other Investments..... \$ _____		
SINKING FUNDS (ACCT. 126) _____ .. \$ _____ _____ .. \$ _____ Total Sinking Funds..... \$ _____		
OTHER SPECIAL FUNDS (ACCT. 127) _____ .. \$ _____ _____ .. \$ _____ Total Other Special Funds..... \$ _____		

ACCOUNTS AND NOTES RECEIVABLE - NET (ACCOUNTS 141 - 144)

Report hereunder all accounts and notes receivable included in Accounts 141, 142 and 144. Amounts included in Accounts 142 and 144 should be listed individually.

DESCRIPTION	TOTAL
ACCOUNTS & NOTES RECEIVABLE:	
Customer Accounts Receivable (Acct. 141).....	\$ <u>108,755</u>
Other Accounts Receivable (Acct. 142)	
_____ \$ _____	
_____ \$ _____	
_____ \$ _____	
_____ \$ _____	\$ _____
Notes Receivable (Acct. 144)	
_____ \$ _____	
_____ \$ _____	
_____ \$ _____	
_____ \$ _____	\$ _____
Total Accounts and Notes Receivable.....	\$ <u>108,755</u>
Accumulated Provision for Uncollectible Accounts (Acct. 143)	
Balance First Of Year.....	\$ <u>6,705</u>
Add: Provision For Uncollectibles For	
Current Year.....	\$ <u>7,342</u>
Collection of Accounts Previously	
Written Off.....	\$ <u>2,067</u>
Other.....	\$ _____
Total Additions.....	\$ <u>9,409</u>
Deduct:	
Accounts Written Off During Year.....	\$ <u>10,750</u>
Other.....	\$ _____
Total Deductions.....	\$ <u>10,750</u>
Balance End Of Year.....	\$ <u>5,364</u>
Total Accounts and Notes Receivable - Net.....	\$ <u>103,391</u>

MATERIALS AND SUPPLIES (151- 153)

ACCOUNT NAME	TOTAL
Plant Materials and Supplies (Account 151)	\$ _____
Merchandise (Account 152)	\$ _____
Other Materials and Supplies (Account 153).....	\$ _____
Total Materials and Supplies.....	\$ _____

PREPAYMENTS (ACCT. 162)

DESCRIPTION	TOTAL
Prepaid Insurance.....	\$ <u>2,121</u>
Prepaid Rents.....	\$ _____
Prepaid Interest.....	\$ _____
Prepaid Taxes.....	\$ _____
Other Prepayments (specify)	
_____	\$ _____
_____	\$ _____
Total Prepayments.....	\$ <u>2,121</u>

MISCELLANEOUS DEFERRED DEBITS (ACCT. 186)

DESCRIPTION	TOTAL
Miscellaneous Deferred Debits (Acct. 186):	
Deferred Rate Case Expense (Acct. 186.1).....	\$ _____
Other Deferred Debits (Acct. 186.2).....	\$ _____
Regulatory Assets (Acct. 186.3).....	\$ _____
Total Miscellaneous Deferred Debits.....	\$ _____

UNAMORTIZED DEBT DISCOUNT AND EXPENSE AND PREMIUM ON DEBT (ACCTS. 181 & 251)

Report the net discount and expense or premium separately for each security issue.

DESCRIPTION	AMOUNT WRITTEN OFF DURING YEAR	YEAR END BALANCE
Unamortized Debt Discount and Expense (Acct. 181):		
_____ ...	\$ _____	\$ _____
_____ ...	\$ _____	\$ _____
_____ ...	\$ _____	\$ _____
Total Unamortized Debt Discount and Expense.....	\$ _____	\$ _____
Unamortized Premium on Debt (Acct. 251):		
_____ ...	\$ _____	\$ _____
_____ ...	\$ _____	\$ _____
_____ ...	\$ _____	\$ _____
Total Unamortized Premium on Debt.....	\$ _____	\$ _____

EXTRAORDINARY PROPERTY LOSSES (ACCT. 182) N/A

Report each item separately.

DESCRIPTION	TOTAL
Extraordinary Property Losses (Acct. 182):	
.....	\$ _____
.....	\$ _____
.....	\$ _____
.....	\$ _____
Total Extraordinary Property Losses.....	\$ _____

ADVANCES FOR CONSTRUCTION (ACCT. 252) N/A

DESCRIPTION	TOTAL
Balance first of year.....	\$ _____
Add credits during year.....	\$ _____
Deduct charges during year.....	\$ _____
Balance end of year.....	\$ _____

ACCOUNT 221, BONDS N/A

Line No.	Par Value Of Actual Issue (1)	Cash Realized On Actual Issue (2)	Par Value Of Amount Held by or for Respondent (3)	Actually Outstanding At Close Of Year (4)	Interest During Year	
					Accrued (5)	Actually Paid (6)
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
Total						

SCHEDULE OF BOND MATURITIES

(The total of column 12 must agree with the total of column 4)

Line No.	Bond Numbers (7)	Maturity Date (8)	Interest Rate (9)	Principal Amount (10)	Amount Paid (11)	Remaining Bonds Outstanding (12)
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						
Total						

ACCRUED TAXES (ACCOUNT 236)

ACCT. NO. (a)	DESCRIPTION (b)	TOTAL (c)
	Balance first of year.....	\$ 2,800
	Accruals Charged:	
408.10	Utility regulatory assessment fees.....	\$ 2,226
408.11	Property taxes.....	\$
408.12	Payroll taxes (employer's portion).....	\$ 1,958
408.13	Other taxes and licenses.....	\$
408.20	Taxes other than income, other income and deductions...	\$ 36,954
	Total taxes accrued.....	\$ 41,138
	Taxes paid during year:	
408.10	Utility regulatory assessment fees.....	\$ 2,226
408.11	Property taxes.....	\$
408.12	Payroll taxes (employer's portion).....	\$ 1,958
408.13	Other taxes and licenses.....	\$
408.20	Taxes other than income, other income and deductions...	\$ 37,156
	Total taxes paid.....	\$ 41,340
	Balance end of year.....	\$ 2,598

ACCRUED INTEREST (ACCOUNT 237)

DESCRIPTION OF DEBT (a)	BALANCE BEGINNING OF YEAR (b)	INTEREST ACCRUED DURING YEAR (c)	INTEREST PAID DURING YEAR (d)	BALANCE END OF YEAR (e)
Long-Term Debt:				
<u>FMA 4.75% - 5.25% Notes</u>	\$ 33,175	\$ 142,189	\$ 115,060	\$ 60,304
_____	\$	\$	\$	\$
_____	\$	\$	\$	\$
Notes Payable:				
_____	\$	\$	\$	\$
_____	\$	\$	\$	\$
_____	\$	\$	\$	\$
Customer Deposits:				
<u>Interest on Customer Deposits</u>	\$ -	\$ 126	\$ 126	\$ -
_____	\$	\$	\$	\$
Other:				
_____	\$	\$	\$	\$
_____	\$	\$	\$	\$
Total Acct. No. 237.....	\$ 33,175	\$ 142,315	\$ 115,186	\$ 60,304

WATER OPERATING REVENUE

ACCT NO (a)	(b)	BEGINNING YEAR NO. CUSTOMERS (c)	YEAR END NUMBER CUSTOMERS (d)	AMOUNTS (e)
	Operating Revenues:			
460	Unmetered Water Revenue.....			\$ _____
461	Metered Water Revenue:			
461.1	Sales to Residential Customers.....	4,405	4,550	\$ 1,094,679
461.2	Sales to Commercial Customers.....	60	57	\$ 47,048
461.3	Sales to Industrial Customers.....			\$ _____
461.4	Sales to Public Authorities.....			\$ _____
461.5	Sales to Multiple Family Dwellings....			\$ _____
461.6	Sales through Bulk Loading Stations...			\$ _____
	Total Metered Sales.....	4,465	4,607	\$ 1,141,727
462	Fire Protection Revenue:			
462.1	Public Fire Protection.....			\$ _____
462.2	Private Fire Protection.....			\$ _____
	Total Fire Protection Revenue.....			\$ _____
464	Other Sales to Public Authorities.....			\$ _____
465	Sales to Irrigation Customers.....			\$ _____
466	Sales for Resale.....	1	1	\$ 16,102
467	Interdepartmental Sales.....			\$ _____
	Total Sales of Water	4,466	4,608	\$ 1,157,829
	Other Water Revenues:			
469	Guaranteed Revenues.....			\$ _____
470	Forfeited Discounts.....			\$ _____
471	Miscellaneous Service Revenues.....			\$ 50,665
472	Rents from Water Property.....			\$ _____
473	Interdepartmental Rents.....			\$ _____
474	Other Water Revenues.....			\$ _____
	Total Other Water Revenues.....			\$ _____
	Total Water Operating Revenues.....			\$ 1,208,494

WATER UTILITY EXPENSE ACCOUNTS

WATER EXPENSE ACCOUNT MATRIX										
ACCT NO (a)	ACCOUNT NAME (b)	CURRENT YEAR (c)	1 SOURCE OF SUPPLY & PUMPING EXPENSES- OPERATION (d)	2 SOURCE OF SUPPLY & PUMPING EXPENSES- MAINTEN. (e)	3 WATER TREATMENT EXPENSES- OPERATION (f)	4 WATER TREATMENT EXPENSES- MAINTEN. (g)	5 TRANS & DISTRIBU. EXPENSES- OPERATION (h)	6 TRANS & DISTRIBU. EXPENSES- MAINTEN. (i)	7 CUSTOMER ACCOUNTS EXPENSE (j)	8 ADMINIS- TRATIVE & GENERAL EXPENSES (k)
601	Salaries and Wages-Employees.									
603	Salaries & Wages- Officers, Commissioners & Directors..									
604	Employee Pensions & Benefits.									
610	Purchased Water.....	446,071	446,071	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX
615	Purchased Power.....	8,159	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX
616	Fuel for Power Production....		XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX
618	Chemicals.....	181,278			3,869		1,135	6,535	164,174	5,565
620	Materials & Supplies.....						910			11,150
631	Contractual Services - Eng...	910								400
632	Contractual Services - Acct...	11,150								
633	Contractual Services - Legal.	400								
634	Contractual Services -									
635	Management Fees.....	401,566			2,496		47,785	207,742	39,182	104,361
635	Contractual Services -									
636	Water Testing.....									
641	Contractual Services - Other.									
642	Rental of Bldg./Real Property									
642	Rental of Equipment.....									
650	Transportation Expenses.....									
656	Insurance - Vehicles.....	9,083					9,083			
657	Insurance - Genl. Liability..									
658	Insurance - Worker's									
659	Compensation.....									
660	Insurance - Other.....	1,312					1,312			
660	Advertising Expenses.....		XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX
666	Regulatory Commission Exp. -		XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX
667	Amortization of Rate Case		XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX
667	Expenses.....		XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX
667	Regulatory Commission Exp. -		XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX
668	Other.....		XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX
668	Water Resource Conservation		XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX
670	Expense.....	7,341	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	7,341	XXXXXXXXXX
670	Bad Debt Expense.....	14,355	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	14,355	XXXXXXXXXX
675	Miscellaneous Expenses.....		XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX
	Total Water Utility Expenses.	1,081,625	446,071	0	6,365	0	68,384	214,277	210,697	135,831

PUMPING AND PURCHASED WATER STATISTICS

(a)	WATER PURCHASED FOR RESALE (Omit 000's) (b)	WATER PUMPED FROM WELLS (Omit 000's) (c)	TOTAL WATER PUMPED AND PURCHASED (Omit 000's) (d)	WATER SOLD TO CUSTOMERS (Omit 000's) (e)
January.....	30,811		30,811	20,599
February.....	26,165		26,165	21,049
March.....	27,229		27,229	16,945
April.....	28,945		28,945	21,124
May.....	32,298		32,298	21,725
June.....	32,449		32,449	22,787
July.....	31,237		31,237	24,764
August.....	29,038		29,038	25,905
September.....	31,488		31,488	24,070
October.....	30,168		30,168	20,835
November.....	31,922		31,922	23,677
December.....	30,827		30,827	19,474
Total for year....	362,577		362,577	262,954

Maximum gallons pumped by all methods in any one day (Omit 000's): N/A

Date / /

Minimum gallons pumped by all methods in any one day (Omit 000's): N/A

Date / /

If water is purchased, indicate the following:

Vendor Wood Creek Water District

Point of delivery Master Meter Off Highway 80

If water is sold to other water utilities for redistribution, list the names of such utilities below:

Cumberland Falls Highway Water District

SALES FOR RESALE (466)

LINE #	COMPANY	GALLONS (Omit 000's)	AVG. RATE PER 1,000 GALLONS (CENTS)	AMOUNT
1	Cumberland Falls Highway	9,046	.0017	16,102
2	Water District			
3				
4				
5				
6				
7				
8	TOTAL	9,046	.0017	16,102

WATER STATISTICS

LINE #	ITEM	GALLONS (Omit 000's)
1	WATER PRODUCED, PURCHASED & DISTRIBUTED:	
2	Water Produced	362,577
3	Water Purchased	362,577
4	TOTAL PRODUCED AND PURCHASED	
5		
6	WATER SALES:	
7	Residential	238,458
8	Commercial	15,450
9	Industrial	
10	Bulk Loading Stations	
11	Resale	9,046
12	Other Sales	
13	TOTAL WATER SALES	262,954
14		
15	OTHER WATER USED:	
16	Utility/water treatment plant	
17	Wastewater plant	
18	System Flushing	1,443
19	Fire Department	3,007
20	Other	42,779
21	TOTAL OTHER WATER USED	47,229
22		
23	WATER LOSS:	
24	Tank Overflows	
25	Line Breaks	
26	Line Leaks	
27	Other	
28	TOTAL LINE LOSS	52,394
29		
30	Note: Line 13 + Line 21 + Line 28 Must Equal Line 4	
31		
32	WATER LOSS PERCENTAGE:	
33	Line 28 divided by Line 4	14.45%

PLANT STATISTICS

Give the following information:

1. Number of fire hydrants, by size.
2. Number of private fire hydrants, by size.
3. If produced, whether water supply is river, impounded stream, well, springs, artificial lake or collector type well.
4. If produced, whether supply is by gravity, pumping, or a combination.
5. Type, capacity, and elevation of reservoirs at overflow and ground level.
6. Miles of main by size and kind.
7. Types of filters: gravity or pressure, number of units, and total rated capacity in gallons per minute.
8. Type of disinfectant, number of units and capacity in pounds per 24 hours.
9. Station equipment. List each pump separately, giving type and capacity and H.P. of driving unit and character of driving unit (steam, electric, or internal combustion). State whether pump is high or low duty.
10. Quantity of fuel used: coal in pounds, gas in cu. ft., oil in gallons, and electric in KWH.
11. Give a description and total cost of any sizable additions or retirements to plant in service outside the normal system growth for the period covered by this report.
12. Capacity of clear well.
13. Peak month, in gallons of water sold.
14. Peak day, in gallons of water sold.

1. 105 Various sizes

2: None

3. Artificial Lake - Water purchased from Wood Creek Water District

4. Pumping

5. 4 Steel Tanks, Cylindrical Ground-set type 200,000 gallons capacity,
2 with overflow elevation of 1,405, 1 with 1,322
1 elevated 2 mb overflow 1415' grd el 1269

6. 171 Miles (various) 2", 3", 4", 6", 8", 10", and 12" pipe

7. None - Water purchased

8. None - Water purchased

9. 2 Pumps - 750 gallons per minute - 20 hp

10. 162,326 kwh

11. None

12. N/A

13. May 03 33,678,300

14. Aug 31, 2003 1,997,000

OATH

Commonwealth of KENTUCKY)
) ss:
County of LAUREL)

OTIS WILLIAMS makes oath and says
(Name of Officer)

that he/she is PRESIDENT of
(Official title of officer)

WEST LAUREL WATER ASSOCIATION, INC.
(Exact legal title or name of respondent)

that it is his/her duty to have supervision over the books of account of the respondent and to control the manner in which such books are kept; that he/she knows that such books have, during the period covered by the foregoing report, been kept in good faith in accordance with the accounting and other orders of the Public Service Commission of Kentucky, effective during the said period; that he/she has carefully examined the said report and to the best of his/her knowledge and belief the entries contained in the said report have, so far as they relate to matters of account, been accurately taken from the said books of account and are in exact accordance therewith; that he/she believes that all other statements of fact contained in the said report are true; and that the said report is a correct and complete statement of the business and affairs of the above-named respondent during the period of time from and including

JANUARY 1, 20 03, to and including DECEMBER 31, 20 03

(Signature of Officer)

Subscribed and sworn to before me, a _____, in and for
the State and County named in the above this _____ day of _____, 20__

(Apply Seal Here)

My Commission expires _____

(Signature of officer authorized to administer oath)